

## Should You Transfer Your Final Salary Defined Benefit Pension?

1. Do you have a spouse or partner eligible to inherit part of your defined benefit pension?

If you have no spouse or partner eligible for payouts from a final salary defined benefit pension, the scheme will still include these potential benefits when calculating your transfer value. If you do have a spouse or partner, and decide to transfer out and invest your fund, they could inherit and have to manage your portfolio if you died, rather than receiving a guaranteed income for life, so it is important to consult them on their wishes.

**YES:** you're not affected either way

**NO:** you're better off transferring

2. Do you have any medical conditions that may significantly shorten your life expectancy?

If you don't expect to live long, a guaranteed income for life from your final salary defined benefit pension will be of less value to you, although it might be important to your spouse or partner if you have one. If you transfer, any money left in your pot can be passed on to loved ones.

**YES:** you're better off transferring

**NO:** you're not affected either way

3. Do you have more than enough secure regular income to cover your regular outgoings in retirement?

If you already have enough guaranteed income from other sources, transferring out and investing your final salary defined benefit pension in the stock markets will be a less significant risk than if it would be your only income.

**YES:** you're better off transferring

**NO:** you're better off leaving it

#### 4. Are you comfortable investing in the stock market?

If you transfer out of a final salary defined benefit pension, you will have to invest your retirement savings in the financial markets, which involves the risk of losing money as well as growing your fund, plus understanding and keeping on top of your investments, or paying for advice, throughout your old age.

**YES:** you're better off transferring

**NO:** you're better off leaving it

#### 5. If you transfer out, are you likely to want to seek a guaranteed income for life later on by buying an annuity?

If you give up the guaranteed income from a final salary defined benefit pension, there's a high chance it will leave you out of pocket if you later use your pension fund to buy another guaranteed income product in the form of an annuity.

**YES:** you're better off leaving it

**NO:** you're not affected either way

#### 6. Are you particularly attracted to varying your pension income to meet changing needs over time?

If you transfer out, you would have the flexibility of taking different sums out of your fund as income each year, if this is something that appeals to suit your changing needs or to minimise your income tax bill.

**YES:** you're better off transferring

**NO:** you're not affected either way

#### 7. Are you particularly keen to pass on a significant part of your pension to your family on your death, rather than using it up during your lifetime?

If you transfer out, you will be able to bequeath whatever is left over in your pension fund to whichever loved ones you prefer when you die, whereas a final salary defined benefit pension typically continues paying out only to an eligible surviving spouse or partner.

**YES:** you're better off transferring

**NO:** you're not affected either way