

Partial Transfers FAQs

Q1 – Am I free to choose the level of my partial transfer?

Yes, within the limits set by the Trustees. These limits are as follows:

Minimum partial transfer: the value of your Guaranteed Minimum Pension or £50,000 if this is higher; and

Maximum partial transfer: £50,000 less than your full transfer value.

Q2 – What is Guaranteed Minimum Pension (“GMP”)?

The Guaranteed Minimum Pension is the minimum pension which the Scheme has to provide for members who have service between 6 April 1978 and 5 April 1997. This is because the Scheme opted out of part of the State Pension. This is known as being contracted out. The GMP aims to be 'broadly equivalent' to the amount of State Pension a member would have otherwise received had they not been contracted out.

Q3 – Why have the Trustees chosen these limits?

The Trustees have set these limits to ensure that a meaningful benefit is transferred out of the Scheme and also to try and simplify the ongoing administration of Scheme.

Also, under the law, you are not allowed to transfer out less than 100% of your GMP.

Q4 – If I transfer some of my pension to another arrangement, can I still opt for tax free cash when I retire?

Yes you can. When you approach retirement, we will write to you setting out your choices based on the benefits retained in the Scheme after transferring some of your benefits under the partial transfer option.

The retirement statement will show the choice of taking all your benefits from the Scheme as pension and the choice of a reduced pension plus tax free cash.

Q5 – If I transfer 50% of my transfer value, why am I not left with 50% of my pension?

This will happen if you have GMP and it's because of the way the option has been designed.

Case Study

Mrs Burrows has big plans for her retirement. After speaking with her Financial Advisor about her plans, they recommended she partially transfer some of her pension to give her more control over her retirement income. Mrs Burrows contacted the Equiniti team who provided this quote:

Pension before partial transfer £20,000 pa

Partial transfer value: £200,000

Pension after the partial transfer: £9,000 pa

After receiving advice from her IFA to proceed, Mrs Burrows transferred £200,000 to a Drawdown account and is looking forward to using it to fund her retirement dreams.

If you have any questions about this case study we recommend that you speak with an Independent Financial Advisor. You can find one here: www.unbiased.co.uk.

Depending on when you were employed, different increases may apply to your pension. This means that some parts of your pension will be 'worth more' than other parts.

The Trustees have decided that if you take a partial transfer, any GMP you have will be transferred out in full, followed by a percentage of your remaining benefits. A 50% partial transfer value does not mean you will leave 50% pension behind in the Scheme because, if you have GMP, the transfer does not reduce all parts of your pension in the same proportion.

Rest assured however that the partial transfer value reflects a 'fair value' of the reduction in your Scheme pension.

Q6 - Are benefits for my spouse upon my death affected?

If you take a partial transfer value, your Scheme pension will reduce and your dependants' benefits will reduce. For example, the pension payable to your spouse in the event of your death after retirement would reduce to 50% of the lower Scheme pension that you would be entitled to after payment of a partial transfer value.

The spouse's pension payable on death before you start receiving your pension would also be reduced to reflect the reduction in your Scheme pension that would take place if you take a partial transfer.

Q7 - If I take a partial transfer now, can I take another partial transfer in the future?

No. The Trustees has limited the partial transfer value option to a 'one time' event.

However, you will still have the option to transfer all of your remaining benefits in the Scheme at any time prior to one year before your normal retirement date.

For more FAQs about transfers in general please go to www.crestnicholson.com/legal-information/pension-scheme