

A guide to the pension transfer-out process

Your SIPP can be transferred to another UK Registered Pension Scheme, or a Qualifying Recognised Overseas Pension Scheme (QROPS) as a cash payment or by re-registering your pension scheme investments (known as an in-specie pension transfer).

We strongly suggest that before proceeding you seek appropriate advice from a Regulated Financial Adviser with regards to the options available.

Regulated pensions in the UK are subject to strict rules which must be met at all times. Before we can pay a transfer to your new pension provider (the receiving scheme), due diligence checks must be completed. This can take time but is essential to ensure that the transfer is legal, your pension savings are protected and this is not an unnecessary step designed to cause a delay.

A pension transfer to a scheme that is not a Registered Pension scheme or a QROPS is not a recognised transfer under UK legislation and will make the transfer an unauthorised member payment. This means you will have a personal tax liability of at least 40% of the value of the transfer regardless of the form in which the transfer takes.

In addition, PSG SIPP Limited will also incur unauthorised payment tax liabilities. Significant additional tax charges may also apply depending on the percentage of the fund transferred that has triggered the unauthorised member payment. Therefore, PSG SIPP Limited reserves the right to contact HMRC to check the status of the receiving scheme and to make reasonable enquiries before making any transfer payment.

We reserve the right to refuse your transfer request where we reasonably believe the transfer would result in an unauthorised payment or where we reasonably believe the transfer will result in pension liberation fraud.

Before proceeding with a transfer, it is important that you read our Services and Fees to understand the Transfer Out Fees that we will charge to your SIPP to carry the work involved in a pension transfer, and that you consult your financial adviser or investment provider to understand any transaction charges that will be incurred as part of the process, such as selling investments.

Where your investments are held in a bond, it is likely a surrender penalty will be applied by the bond provider and surrender penalties can be an expensive cost. You will need to confirm to us that you understand any penalty that will be applied and that you want to proceed with the transfer and incur the penalty. This confirmation must be provided in writing.

For cash pension transfers, it is important that you send us a clear disinvestment instruction and a clear surrender instruction where your investments are contained in a bond. We will also need all the information detailed in our Transfer Out pack in order to enable the transfer process to proceed and you have six months from your initial request to transfer, in order to proceed. If all required documents are not received within this timescale, your request to transfer will be cancelled.

Timescale

The pension transfer process can take time to complete, as we are reliant on third parties for parts of that process. We are therefore unable to guarantee that a transfer will be completed by a specific deadline or within a specified timescale.

As we are not the investment manager for your investment assets, we are unable to provide you with information on the liquidity of those assets or the timing of the sale of your assets. We recommend that you obtain this information from your financial adviser before submitting a transfer request.

Cash transfers

In order to transfer your SIPP in cash to another provider all the investments you hold will need to be sold and any outstanding fees and charges settled before the transfer payment can be made. Where your investments are held within a bond, a surrender penalty may be applied by the investment provider.

In order to instruct a cash transfer, you will need to:

- Complete our Transfer Out and Discharge form;
- Complete our Transfer Due Diligence Member Questionnaire and provide the information requested;
- Complete your investment providers dealing instruction to sell investments if monies are not already held in cash;
- Complete your investments providers surrender form if your investments are held within a bond;
- Where a surrender penalty applies, your written confirmation that you accept the penalty;
- Certified AML documents;

In addition, you will also need to find out what information your new provider will require before the transfer can be processed.

In-specie transfers

It may be possible to transfer the investments in your SIPP to your new provider/new pension scheme without having to sell them. This is known as an in-specie transfer.

Not all investments can be transferred in-specie so it is advisable to check with your financial advisers, your investment provider and the receiving scheme before instructing us to process an in-specie transfer.

Transfer of a SIPP that is not crystallised or partially crystallised e.g. not in flexi-access drawdown

If the SIPP is uncrystallised or contains partly uncrystallised funds, you can choose to transfer all or only part of your uncrystallised funds.

Transfer of a SIPP that is a crystallised fund e.g. in flexi-access drawdown

If your whole SIPP is crystallised (a pension in payment whether actually being drawn down or not) then you must transfer the full value of your SIPP to another pension provider.

A partial transfer of a crystallised fund is an unauthorised payment and we will not permit such a transfer.

Where there is sufficient cash available, we will continue to pay any regular income payments to you. As the transfer process can take time to complete, you may wish to review the amount of income you are taking and your investment liquidity needs before submitting a request to transfer a SIPP that is paying you pension income .

Partial transfers – things to consider

It is possible to transfer only part of your uncrystallised SIPP to a new provider should you wish to do so.

However, if you have Lifetime Allowance Protection in place, a partial transfer means that you could lose that valuable protection. If you are considering this option, we would strongly suggest that you seek Regulated Financial Advice before proceeding.

If you would like to consider a partial transfer, please ask your new pension provider to contact us.

Transferring to a QROPS

If you would like to transfer your SIPP to a QROPS, please refer to HMRC guidance on transferring to a QROPS at www.gov.uk/transferring-your-pension/transferring-to-an-overseas-pension-scheme and consult your financial adviser.

Please note that we are required to carry out certain checks on the QROPS and we will need to contact your QROPS provider for information on their scheme before we can agree to the transfer.

Our transfer process

Considering all of the above, to request a transfer to a new pension provider, you will need to complete our Transfer Out and Discharge form included in your Transfer Out pack.

Note: For a partial transfer, please contact our Administration Team for further information.

Cash transfers

On receipt of a completed Transfer Out Application and all of the requirements set out in our Transfer Pack, we will begin the process of completing our due diligence checks to ensure we can pay the transfer to the receiving scheme. We will write to your new scheme to gather further information if it is not made available at outset to us.

Please note that we cannot be held responsible for any losses or costs in connection with a delay on the part of your receiving scheme in the course of processing your transfer or caused by your investment provider in selling investments to provide cash to enable us to pay the transfer.

Once all the money has been received into the SIPP bank account, all outstanding and applicable fees will be settled before making a cash payment to the receiving scheme. Your SIPP will then be closed.

In-specie transfers

On receipt of a completed request we will carry out our due diligence checks and liaise with the receiving scheme to arrange the transfer of the legal ownership of any investments that are transferring in-specie. Depending on the assets to be transferred, this may require professional firms to be involved such as a solicitor in the case of real property transfers. Associated fees and costs will be met from your SIPP and will not be funded by us.

Once the investments have been successfully transferred in-specie, we will transfer any cash remaining in the SIPP bank account to the receiving scheme, once all outstanding fees have been settled. Cash will always be the final asset to be transferred and we will not transfer cash before an in-specie transfer is complete. The SIPP will then be closed.

Fees

Details of the fees that we charge to process your transfer request are detailed in our SIPP Services and Fees document.

Fees due will be deducted from the cash held in the SIPP bank account before the transfer is completed.

You should also be mindful of any investment charges and surrender penalties that will be incurred as part of the transfer and it is your responsibility and your adviser's responsibility to identify and consider these.

Our transfer process (cont)

Scam awareness

You should be wary of any approach offering upfront cash incentives or loans from your pension. It is not possible to access your pension savings before age 55 (except in rare circumstances). To do so is likely to result in significant tax charges.

You should look out for:

- A cold call, text message, e-mail or website pop up offering you a free pension review, one-off investment opportunity or legal loophole. Legitimate companies do not search for customers in this way;
- Convincing marketing materials promising high returns on your investments. If it sounds too good to be true, it probably is;
- Paperwork couriered to your door that needs an immediate signature. You should never be pressured into signing something quickly. No reputable company would expect you to sign such paperwork without having the opportunity to think about it and take appropriate independent advice;
- The legitimacy of the credentials of firms and advisers purporting to be regulated and suitably qualified;
- A proposal to put your money into a single investment. Putting all your eggs into one basket is rarely a sound strategy and in most circumstances, a financial adviser would suggest a diversification of investments;
- An overseas transfer of funds. Once your savings have left the UK it may be impossible to recover them;
- A request that you transfer money quickly because of a narrow window of investment opportunity. No reputable company would ask you to do this;

For further information on how to avoid pension scams, please read the pension Scams leaflet below and visit the Financial Conduct Authorities Scamsmart page at www.fca.org.uk/scamsmart.

This guide is based on our understanding of the relevant law and current understanding of HM Revenue and Customs (HMRC) rules. It is intended to provide the basic information only and does not replace the need to take regulated financial advice and we cannot be held responsible for any omissions.

PSG SIPP Limited is not authorised or qualified to provide regulated financial advice and none of our communications with you represent any form of advice.