

New transfer out regulations

New regulations have come into effect in order to prevent members of pension schemes falling victims of scam transfers. This means that the Trustee may need to reject transfer requests in certain circumstances, or where there are areas of concern, ask you to take guidance from the Money and Pensions Service (through the “MoneyHelper” service).

From 30 November 2021, there are two conditions that need to be applied and the Trustee needs to make sure that one of the two conditions is met before the transfer can go ahead. These conditions are as follows:

The first condition – if the transfer is to a public service pension scheme, an authorised Master Trust scheme or an authorised collective money purchase scheme, then the transfer can go ahead. If this condition is met, then the transfer can proceed.

The second condition – which applies to all other transfers, other than the above mentioned “safe transfers”. Under this condition, there are two types of transfer:

Type 1 – these are transfers to schemes such as a contract based scheme (e.g. a personal pension plan) and the condition can be met when the Trustees have carried out sufficient checks to ensure that scam indicators (or “red flags” and “amber flags”) are unlikely to be present.

Type 2 – these are transfers to an occupational pension scheme (such as the Plan) and the Trustee needs to run checks to show that an “employment link” applies or for a qualifying recognised overseas pension scheme, there is an “residency link”, or an “employment link”, depending on the member’s employment status. These also include transfers where the Trustee undertakes investigation due to concerns that one or other “red flags” or “amber flags” might be present. If there is a “red flag”, the transfer cannot proceed. If there is an “amber flag”, the Trustee would let you know and you would need to take guidance from MoneyHelper and provide us with evidence of this. If evidence is not provided, the transfer cannot go ahead.

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Some examples of a “red flag”

- Where you fail to provide sufficient evidence of an “employment link”, a “residency link” or don’t provide evidence you have taken guidance from MoneyHelper
- An unregulated person has acted in relation to the proposed transfer
- The request to transfer was made after you received an unsolicited contact or direct marketing offer
- You have been offered an incentive to make the transfer
- You have been, or consider you have been pressured to make the transfer

Some examples of an “amber flag”

- When asked, you are not able to provide sufficient evidence of an “employment link” or “residency link”, or if the Trustee has reason to believe that the evidence may not be genuine
- There are “high risk” or “unregulated investments” in the receiving scheme
- there are any unclear or high fees being charged by the receiving scheme
- the structure of the investments is “unclear, complex or unorthodox”

- there are overseas investments included in the receiving scheme or there has been a sharp or unusual rise in the volume of transfer requests either to the same scheme or involving the same advisor.