



Over £31.1 billion of pension assets held in lost pots

Why bringing your pensions together could simplify your retirement

In today's working world, it is increasingly common for people to change jobs multiple times throughout their careers. While each new role can bring fresh opportunities, it can also leave behind a collection of workplace pensions with different providers. Research shows that there are nearly 3.3 million lost pension pots in the UK, worth over £31.1 billion in assets^[1].

Over the years, these pension pots can become difficult to track, making it harder to know exactly how much you have saved for retirement. Many people are surprised to discover they have several pensions accumulated from previous employers. Some may have paperwork filed away and forgotten, while others may have lost contact with providers altogether.

As retirement approaches, having multiple pension arrangements can create unnecessary complexity and make financial planning more challenging.

BUILDING A CLEARER FINANCIAL PICTURE

One of the main reasons for reviewing your pensions is to gain a complete overview of your retirement savings. When pension pots are spread across different providers, it can be difficult to assess how much income your savings may generate in later life.

Bringing pensions together into one plan can provide greater visibility and make it easier to monitor performance, review contributions and assess whether you are on track to achieve your retirement goals. A clearer picture can also help identify any gaps in your planning while there is still time to address them.

SIMPLIFYING RETIREMENT PLANNING

Managing multiple pensions often involves dealing with different providers, investment strategies, annual statements and online portals. This can make tracking your retirement savings time-consuming and confusing.

Consolidating pensions can simplify administration by reducing the number of accounts you need to monitor. Rather than juggling several pension arrangements, you can

focus on a single plan that is easier to manage and review. For many investors, this simplicity can provide greater confidence and engagement in their retirement planning.

UNDERSTANDING CHARGES AND INVESTMENT PERFORMANCE

Another reason some people consider pension consolidation is the chance to review charges and investment performance. Pension schemes can have different fee structures, which may affect long-term returns.

While lower charges should not be the sole reason to transfer a pension, understanding what you are paying and how your investments are performing can help ensure your retirement savings work as efficiently as possible. A consolidated pension may also make it easier to align your investments with your personal objectives and risk tolerance.





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REVIEWING VALUABLE PENSION BENEFITS

Although pension consolidation can offer many advantages, it is important to remember that transferring pensions is not always the best option. Some older schemes include valuable guarantees, protected tax-free cash entitlements or other benefits that could be lost if the pension is transferred.

Before making any transfer decisions, it is essential to understand exactly what each pension offers. Seeking professional advice can help ensure that potentially valuable features are not overlooked and that any transfer is suitable for your individual circumstances.

ALIGNING YOUR INVESTMENTS WITH YOUR GOALS

As people move through different stages of life, their financial priorities often change. Investments that were appropriate in your 30s may not be suitable as retirement draws nearer.

Consolidating pensions can create an opportunity to reassess your investment strategy and ensure it aligns with your current objectives. Whether your focus is long-term growth, protecting accumulated wealth or generating retirement income, a single pension plan can make ongoing reviews more straightforward.

TRACKING DOWN LOST PENSION POTS

Millions of pounds are held in pension pots that individuals have lost track of over the years. Forgotten pensions are especially common among those who have changed jobs frequently or moved home several times.

Before considering consolidation, it is worth taking time to locate any missing pensions. Even relatively small pots can contribute significantly to your retirement savings over the long term. Pension tracing services and provider records can often help reconnect savers with forgotten funds.

MAKING RETIREMENT PLANNING EASIER

Bringing pensions together into one plan can simplify retirement planning, improve visibility and make it easier to manage your long-term financial future. For many people, consolidation provides greater control, less administration and a clearer understanding of their retirement position.

However, every pension is different, and consolidation is not suitable in all circumstances. Careful consideration of charges, benefits, investment options and retirement objectives is essential before proceeding. ■

WANT TO DISCOVER HOW YOUR PENSIONS COULD ADD UP?

If you would like further information on pension consolidation, retirement planning or reviewing your existing pension arrangements, contact us today. We can help you assess your options, understand the potential benefits and risks and build a retirement strategy to support your long-term financial wellbeing.

Source data:

[1] Pensions Policy Institute published in Briefing Note 138: Lost Pensions 2024 on Thursday 24 October 2024

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. A PENSION IS A LONG-TERM INVESTMENT THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN. YOUR EVENTUAL INCOME MAY DEPEND UPON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION.



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