



## **Media Q&A**

# **Should I merge old pensions into a new one?**

**I have a Defined Contribution (DC) pension plan with a previous employer, whom I left in 2021. So far, I have left the pension I had built up in this company pension where it is, as a deferred benefit. I recently joined another company and joined their occupational pension scheme. Should I merge the two plans together or keep them separate? And how would I go about transferring my old pension to my new one if I decide to go ahead with this?**

**Answer: Mark Reilly, Pensions Proposition Lead, Royal London Ireland**

It's important to make sure you have all the information you need and take some time to decide what's right for you. There are pros and cons to a pension transfer.

It can be easier to manage and keep track of your pension benefits if they're all in the one place. It could also help you to have a clearer view of your pension savings, where those savings are invested and how those investments are performing. If you want to make any investment decisions around your pension, you might find it more straightforward to do so if your pensions are combined. Furthermore, when the time comes for you to retire, you could find it easier to access your pension benefits if they are in one place.

Different pension policies have different charges. Moving to one policy with lower charges could save you money. It may be cheaper to pay one fee (or maybe no fee, depending on your employer arrangement) than multiple fees for numerous pension pots.

It's important to note that there's no guarantee that combining your pensions will reduce your overall costs or give you a higher income or bigger pension pot when you retire. So, there are a few things to consider before deciding on whether to transfer your old pension to your current one. Check your previous policy for any valuable benefits and features as these could be lost if you transfer. Compare the charges on both policies and how well (or not) the pension investments are performing. Find out if you will face any charges to transfer your old pension to your new one. If you are happy with the investment performance and overall costs of your previous pension, you could continue to leave the pensions separate and merge them later. Ask your Financial Broker to estimate the potential pension pot and retirement income you would have if you merged your pensions – and to compare this to your financial position in retirement if you kept them separate.

Another reason you may decide to leave your pension pots separate is if you would like to access them at different times. If you merge your pensions, your pension benefits would have to be retired at the same time on or after your normal retirement age (NRA). However, benefits from separate employments don't have to be retired at the same time. So, if you decide not to merge your pensions, when you reach the age of 50, if you needed the funds, you may be able to access your pension benefits from your previous employer while still working for your current employer and paying into your current employer pension scheme.

In terms of the practicalities, if you decide to go ahead and combine your pensions, you will need the policy number of the pension you'd like to transfer. This would be provided to your current pension provider. You would also need to advise your current pension provider of the pension transfer on your old pension. Your previous pension provider or administrator will be able to confirm this. Your current provider will have an application process for you to follow to begin the transfer. This will include forms that you need to complete.

There might be restrictions on your transfer options so it's worth finding out from your current provider what type of pension you have. The main types of occupational pension schemes are defined contribution (DC) or defined benefit (DB) pensions. You can transfer most types of DC pensions. It's important that any occupational pension scheme you transfer your old pension to is Revenue-approved.

To make sure you get the very best outcome at retirement, seek impartial pension advice on your pension plan before deciding to transfer your pension. A Financial Broker will be able to highlight the considerations you need to keep in mind for consolidating your pensions, the options available to you, explain the process involved, and make a recommendation.

**ENDS**

**Notes to the Editor:**

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\*Based on total 2022 premium income. ICMIF Global 500, 2024