

The logo for National Pension Tracing Day is located in the top left corner. It features a dark blue square with an orange border. Inside the square, the words "NATIONAL PENSION TRACING DAY" are written in white, bold, sans-serif capital letters. To the right of the text is an orange icon of a location pin with a magnifying glass inside it. Above the text, there is a small orange registered trademark symbol (®).

NATIONAL PENSION TRACING DAY

THE CONSOLIDATION CONNECTION

This guide gives general information only. It is not personal advice. Pensions can be complex and the right option for you depends on your circumstances. If you are unsure, consider speaking to a regulated financial adviser.

As you approach retirement, you may be thinking about how and when to take your benefits. Many people have more than one pension and bringing them together, known as consolidation, may make them easier to manage. A careful review is important before making any decision.

Across the UK there are an estimated **3.3 million lost pension pots, worth about £31.1 billion in total. The average lost pot is £9,470, rising to £13,620 for ages 55 to 75.** If you have worked for different employers or moved home, you may have pensions you have lost track of.

HOW CONSOLIDATION COULD HELP

- A clearer view: Seeing your retirement savings in one place may make it easier to check values and plan.
- Easier management: Having fewer providers could reduce admin and help you keep track of payments.
- Potentially lower costs: Older pensions may have higher charges than newer schemes. Comparing charges could highlight savings.
- Wider options: Consolidation may give you more choice of investments or retirement income options.

THINGS TO WATCH OUT FOR

- Guarantees or protections: Older pensions may include valuable guarantees such as annuity rates, protected tax-free cash or with-profits bonuses. These could be lost on transfer.
- Exit fees: Some providers may charge for transferring out. Always check values and any reductions.
- Small pots: Some small pensions can be taken as cash without reducing your annual allowance, but rules can change. Check before acting.
- Defined benefit pensions: DB schemes provide a guaranteed income. Transferring converts this to a pot with investment risk and flexible options. If your benefits are worth more than £30,000, regulated advice is required before transfer.
- Receiving scheme: Make sure the scheme accepts transfers, offers the options you need and that charges represent value for money.

YOUR RETIREMENT OPTIONS

Defined contribution pensions usually offer three main ways to take benefits:

- Buying a guaranteed income (annuity): Provides a set income for life or a fixed term. Shop around before buying.
- Taking a flexible income (drawdown): Lets you take income as you choose. You must manage withdrawals carefully to avoid running out of money. Not all schemes offer drawdown.
- Taking cash: Usually, up to one-quarter of each withdrawal is tax-free, with the rest taxed as income. Taking cash may suit small pots but could limit future contributions.

BEWARE OF SCAMS

Be cautious of unsolicited offers, promises of high returns or early access before 55. Use trusted contacts only. Check the [FCA ScamSmart website](#) for guidance.

HOW TO CONSOLIDATE

Gather information:

Collect details of each pension, including values, charges and any guarantees.

Consider your options:

Decide if you will transfer into your workplace pension, a personal pension or another scheme. Check what options are available and whether they suit your needs.

Contact the receiving scheme:

They will explain the transfer process and ask for details of your existing pensions.

WHERE TO FIND HELP

If you are unsure about consolidating or taking benefits, regulated financial advice may help. You can also find impartial guidance on the [MoneyHelper](#) website. To trace old pensions, use the government's [free Pension Tracing Service](#).

Sources:

- Pensions Policy Institute (PPI), Lost Pensions 2024 briefing note (October 2024).