



## Transfers out – the Trustee’s view

The MNOFP Trustee has noted, in common with trends across the industry, that the volume of transfers out of the fund has increased significantly since the advent of ‘pension freedoms’. The Trustee monitors transaction volumes routinely and individually approves all transfers where the member is aged 63 or over. The Trustee is also aware of negative media reports surrounding the subject of transfers out in the context of the British Steel and Carillion pension schemes. The purpose of this communication is to provide you with more information around the subject of transferring out.

### A valuable asset

Your MNOFP DB pension benefit is a significant financial asset, and any decisions you make involving your pension should not be taken lightly, or without suitable advice. If the transfer value of your pension is £30,000 or more, the law requires you to receive financial advice from an Independent Financial Adviser (“IFA”) who is regulated by the Financial Conduct Authority to provide such specific advice before making any decisions. No transfer out from the MNOFP is permitted unless this confirmation has been validated by the administrator.

### Things to consider

If you are contemplating transferring your pension benefits out of the MNOFP, the Trustee suggests you consider the following points:

- The transfer value represents the cost to the Fund of providing your pension, spouses or civil partner’s pension and any death benefits. When considering a transfer it is important that these range of benefits are all taken into account when comparing different arrangements.
- Many people are attracted by the ability to take a tax-free cash sum from a flexible drawdown product, and the apparent freedom in subsequently taking “only what you need” from the residual pot. Your MNOFP pension, in most cases, will provide a tax-free cash sum on retirement, and a regular residual income guaranteed for the remainder of your life. With a flexible arrangement there is a danger that the funds will be exhausted prematurely.
- The ongoing charges in flexible drawdown or other products can be significant although they may appear innocuous in accompanying literature. Always ask for a calculation of the capital equivalent of the cumulative charges that you will pay. These will be in the form of ‘management’ charges from the product provider and, possibly, annual fees to an IFA to review your ongoing income needs.



- There are certain circumstances where it may be advantageous to transfer out of the MNOPE - these include if you are in poor health and if you are not married. Good financial advice would, of course, take such circumstances into account when helping you to reach a decision.
- Later this year, the Ensign Retirement Plan will offer flexible drawdown to its members. The Ensign Retirement Plan has industry leading low Annual Management Charges. If you are already a member of the Ensign Retirement Plan, or work for an employer connected with the maritime industry and could be a member of the Plan, it would be worth considering it as a destination for your transfer value.

## Finding a financial adviser

You can find details of independent financial advisers at [www.unbiased.co.uk](http://www.unbiased.co.uk) and how to choose one at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk).

You can check to see if an adviser is registered on the Financial Conduct Authority register at [www.fca.org.uk/register/](http://www.fca.org.uk/register/)

May 2018