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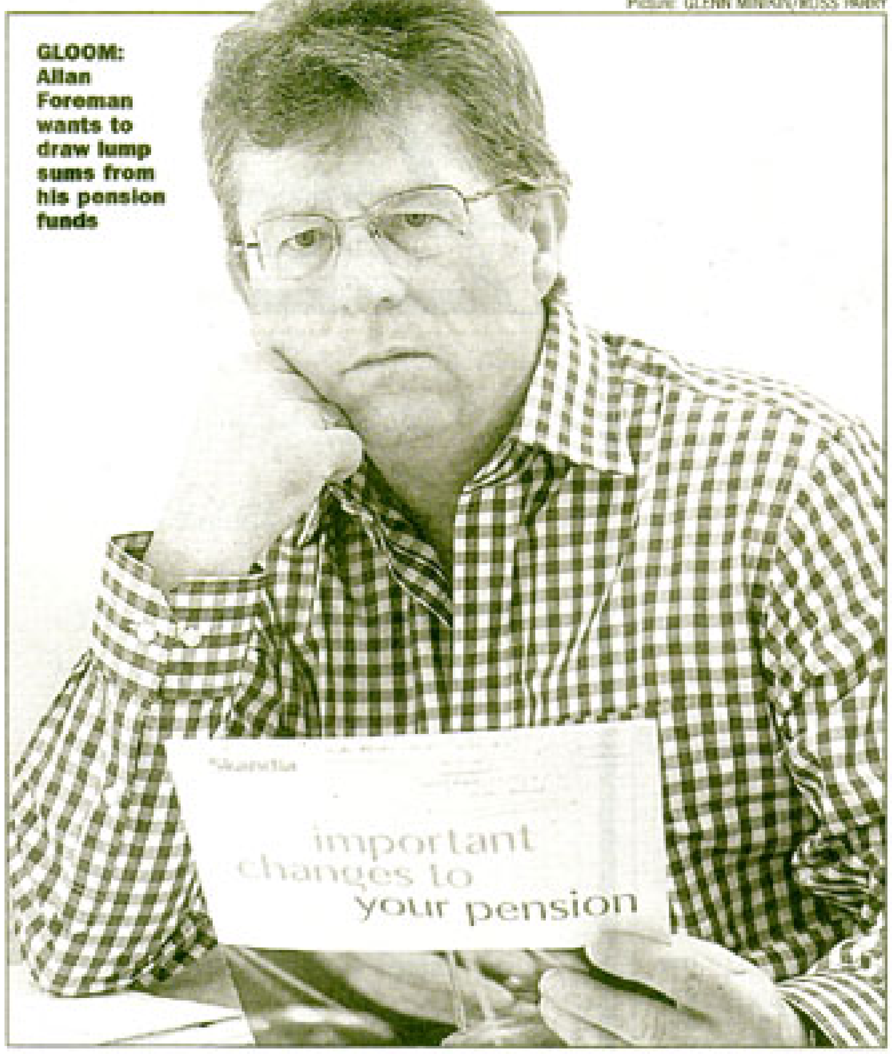

GLOOM: Allan Foreman wants to draw lump sums from his pension funds

Frustrated by pensions runaround

Allan found providers unable to carry out changes to rules, reports **Maisha Frost**

The problem

DELAYS to pension drawdowns have sent Allan Foreman running round in circles, and seeking help from an adviser has only added to the confusion, he says.

The 60-year-old from East Yorkshire has no time for annuities, preferring to take an income from his pensions.

But one personal plan with Skandia contains protected rights dating back to the Eighties when he opted out of Serps, the state earnings-related pension scheme. At the start of this year he was recommended to wait until April when pension rules relaxed, no longer obliging him to buy an annuity. This would allow him to draw a lump sum of up to 25 per cent tax free from his fund, followed by income from his remaining capital.

"But now the adviser tells me I can't do this," Allan complained to Your Money. "Apparently I am obliged to purchase an annuity with the protected rights, but I do not want to do that. I am baffled and no one seems able to tell me if I can get the solution I want. Yet this is my savings.

"Can you help me get my hands on it as the extra income would be most welcome?"

The solution

MANY hundreds of savers have been caught out like Allan, says pensions expert Nicola Downs, whose view is backed by The Pensions Advisory Service (TPAS), an independent body.

"We are getting queries about this and also other failures by companies to implement A-day changes. They should have been ready as these delays are costing ordinary savers money," confirms TPAS's chief executive, Malcolm McClean.

As for Allan, Downs has been able to give him some straight answers as well as suggesting a way forward out of the impasse.

"Allan is allowed to take his lump sum from the protected rights fund and draw down an income from what remains. But technically there is a problem because not every pension company has put the systems in place to make that possible," she explains.

"A lot of pension holders are now caught in queues with no definite date in sight for when they can make the switch."

The large-scale changes in April generated extra processing and in many cases the required upgrade

in computer and administration systems has not taken place.

Skandia, Allan's pension company, cannot confirm when in 2007 it will be able to provide the arrangement he is looking for.

"It is disappointing for savers that more preparation has not be done to meet the demand that was obviously going to be there," observes Downs.

Although Allan could wait for Skandia, that is not his only option, she points out. Two other pension providers, Scottish Equitable and Winterthur, can offer protected rights drawdown contracts.

Downs explored the pros and cons of switching but has ruled out Scottish Equitable because of its £100,000 minimum amount rule — Allan has less than that.

But Winterthur has no such restriction. "So Allan could transfer that particular pension to Winterthur. A new contract would need to be arranged, so there would be entry charges and a management fee.

"However, that may well be the case even if he stayed with his current provider because electing drawdown means creating a new plan. And he is paying charges at the moment anyway," she explains.

If Allan transfers to Winterthur he would expect to pay a £125 set-up fee and £125 a year withdrawal charge, and probably other fund-management fees too. "However, if he wants his money as soon as possible he would be better off for the moment transferring the provider for this plan," recommends Downs. But she warns: "Allan is best off leaving his other drawdown schemes with Skandia because it offers a bigger range of fund investment choices. In effect he could go for a split pension deal which could be in place by February."

WHAT ALLAN HAS LEARNED: 'At last someone is making sense. I am very grateful to Nicola for explaining what has been going on and why. I urge others to make sure they are not given the runaround as I was'

Downs urges others similarly confused about their position not to be bounced into accepting an annuity, but instead find an adviser who is expert not just in pensions, but particularly pension transfers.

"Pensions are a complicated business anyway, but with all the changes there is less consistency than ever," she argues. "The only way savers can protect themselves and not end up in a vicious circle like Allan is to make sure the adviser is a specialist in transfers."

● *Nicola Downs: 01306 881999, www.trenthaminvest.co.uk; Regulator the Financial Services Agency lists advisers' expertise: www.fsa.gov.uk/consumer/pensions; The Pensions Advisory Service offers free assistance: 0845 601 2923, ww.pensionsadvisoryservice.org.uk.*

Action plan for more secure retirement

1. **Check if, or when, your personal pension provider can offer lump-sum and drawdown arrangements for plans containing protected rights.**
2. **If it cannot, do not settle for waiting or an annuity: consider transferring to another provider.**
3. **If you choose to switch, ensure your adviser is an expert in pension transfers.**
4. **Check new provider's terms including any minimum sum requirement and fees for entry and ongoing management.**

If you have a problem, write to Maisha Frost, Sunday Express, 10 Lower Thames Street, London EC3R 6EN or e-mail maisha.frost@express.co.uk – please include your daytime telephone number.