

# Pension pot poser

**Maisha Frost** finds out what should be done with a top-up fund which has now been discontinued

## The problem

VAN driver Jimmy S was shocked when his pension company told him it no longer wanted his money and was closing the plan.

The Nationwide scheme was an additional voluntary contribution (AVC) plan that Jimmy, from Aberdeen, has paid into to top up his works pension.

Jimmy, 57, has been given options for where to put his money but hasn't a clue what to pick.

"This closure came out of the blue. Am I — and my friends also affected — right to smell a rat?" he asked Your Money.

## The solution

THERE'S no rat but Jimmy and pals need to wise up before committing their funds, says independent pensions expert Nicola Downs.

"A lot of savers face the same problem as Jimmy and have to transfer their AVCs after closures," she adds. "This is because AVCs are

things of the past. They don't exist any more in the sense you cannot open a new one.

"Nationwide — along with others — has moved out of this market."

Jimmy's pension savings will not be returned to him but transferred. The choices the trustees gave were to put them in Standard Life's Sterling Fund or to his own choice of pension arrangement.

The Sterling Fund invests in cash and calls itself a temporary home for money when the short-term outlook is uncertain.

"What happens when that outlook changes?" asks Downs, who believes savings planning should be driven by the individual.

"Jimmy would benefit from a savings plan that is more tailored to his specific needs," she says.

Cash, however, is a sensible strategy for Jimmy, because of his age and the need to reduce risks.



Picture: REX

**WORTH WATCHING CLOSELY:** Every investment should be monitored

Downs recommends he asks for the AVC fund to be transferred to a stakeholder pension.

She advises he look at plans offered by Standard Life, Norwich Union, Scottish Widows and Legal & General. "He should stay invested

in cash where he could reasonably hope for 5 to 6 per cent growth," she adds.

Jimmy must monitor the transfer closely, she warns. "He has to ensure the trustees send the money. Once that is done, he must get a statement confirming transfer and a receipt that the money has gone in."

**If you have a problem, write to Maisha Frost, Sunday Express, 10 Lower Thames Street, London EC3R 6EN or email [maisha.frost@express.co.uk](mailto:maisha.frost@express.co.uk). Please only send copies of documents, not originals and always include your phone number.**

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