Managing your Pension Savings

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In the lead up to the major pension reforms on 6th April, there has been much discussion over what you should do with your pension now.

Do you leave the funds in a pension drawdown scheme, so you can take income and leave the capital invested? Or do you withdraw all the capital to reinvest it more tax efficiently elsewhere? Or do your transfer into a Qualifying Recognised Overseas Pension Scheme (QROPS)?

As I mentioned last month, since your pension savings are so important for your long-term financial security you need to weigh up all your options carefully to ensure you make the right decision for you, and do not take unnecessary risks. Specialist, professional advice is vital.

There is another key issue to consider when it comes to looking after your retirement savings, one which has been somewhat overlooked in the excitement about the pension reforms. And that is how the underlying investments are managed.

Whether you leave your pension in a Self-Invested Personal Pension (SIPP), or transfer into a QROPS, or withdraw the funds and invest them within an assurance vie to benefit from the tax advantages, what you have, in the majority of cases, are investment funds in some wrapper or other that need to be well managed.

You may decide to 'do nothing' with your pension and leave it in a SIPP - and for many this would be the right decision - but this does not mean that you should literally do nothing. This is a good time to review the underlying investments and consider if they are being well managed, and if the investment strategy is suitable for you.

Some principles for successful investing include:

- The choice of investment assets should be based around your specific circumstances - including the fact that you are living in Spain/France/Portugal/Cyprus/Malta - objectives and time horizon.
- You should obtain a clear and objective assessment of your appetite for risk, to ensure your portfolio is suitable for you.
- The investments should be suitably diversified over different asset types and markets to reduce risk.

It is also important to review your portfolio regularly to re-balance it. It can shift away from the one designed to match your risk profile and objectives, and your circumstances may have changed.

Your pension funds were built up over a lifetime of working to provide for you in retirement. Whatever you choose to do with them now, you need to look after the underlying funds because it is these funds that provide income and financial security. For peace of mind take expert, personalised advice.