

Scamproof your savings



Pension scams. Don't get stung.

 **Pension wise**
Your money. Your choice.
Backed by HM Government

ActionFraud
National Fraud & Cyber Crime Reporting Centre

The PENSIONS
Advisory Service

Pension scams: the facts

Pensions are changing. From April 2015, if you are over 55 years old, you can access your pension savings in new ways.

Scammers are after your pension pot. They will try to lure you with promises of one-off investments, pension loans or upfront cash. Most of these are bogus.

If you're under age 55, you cannot release your pension unless you are too ill to work. Read the checklist on the next page to get to know the hallmarks of a scam.

If you're over 55, you can release funds from your pension from April 2015. You may still be at risk from scammers. Make sure you use the government's Pension Wise service to understand your options. You might also want to speak to an adviser who is authorised by the Financial Conduct Authority (FCA) before making any decisions that could affect the rest of your life. See the back of this booklet for useful links and contacts.

By following the tips in this guide, you are giving yourself the best possible protection against scammers. **Arm yourself with the facts and stop a lifetime's savings being lost.**



How to spot the warning signs

Some of the most common tactics used by scammers to trick you out of your savings

A cold call, text message, website pop-up or someone coming to your door offering you a **'free pension review', 'one-off investment opportunity'** or **'legal loophole'**



Convincing marketing materials that promise you **returns of over 8%** on your investment

Paperwork delivered to your door by courier that requires immediate signature



Pension access before age

55



Overseas transfer of the funds



A proposal to put your money in a single investment. **In most circumstances, financial advisers will suggest diversification of assets.**

Scammers don't care whether you're an inexperienced investor or have never put your money anywhere other than a bank. They will try to flatter, tempt and pressure you into transferring your pension fund into an investment with attractive sounding returns. Once you've signed the forms and the transfer has gone through, it's too late. You'll probably lose all your savings and end up with nothing but a hefty tax bill. Remember, the only people who benefit from scams are the scammers themselves.

What can I do with my pension pot?

Under age 55	Age 55 or older*
✗ You can't release or 'cash in' your pension (unless you are too ill to work)	✓ You can use your pension to buy a regular income for the rest of your life (an 'annuity')
✓ You can transfer your pension from one regulated scheme to another	✓ You can use your pension to provide a flexible retirement income ('flexi-access drawdown')
	✓ You can take your pension as cash in stages
	✓ You can take the whole pot as cash in one go
There may be tax implications for how you access your savings	

*from April 2015



Oliver's story

Tricked into being part of the scam

Age: **45**

Length of time in company pension: **15 years**

Investment offer: **overseas property developments**

Oliver is cold called by someone who says his name is Paul, a financial adviser authorised by the government. He asks if Oliver is interested in making the money in his pension pot work harder – as well as releasing some funds for Oliver to spend as he likes.

Paul says he could get Oliver an initial cash back bonus of 30% of the value of his pension pot, and a much better return on his money – around 8%. All he needs to do is sign a document saying he wants to transfer his pension into another scheme, and the money will then get invested in a hotel complex in an up-and-coming area of Spain.

Paul tells him that if he agrees to be 'locked in' to the investment for 10 years, he will get an annual cash back payment of £1,000. Oliver is keen to make the most of his money – he's heard that he'll be able to do what he wants with his savings when he's 55, so thinks this could be a good solution to beating the current low interest rates that mean his pension pot isn't growing as quickly as he'd like.

Oliver's a bit concerned that it sounds too good to be true, but Paul reassures him. He says he understands there are lots of crooks out there but he's government registered. He promises to send Oliver some marketing material and encourages him to check out the website. He tells Oliver that there are only a few opportunities left and that it's a time-limited offer, so if he wants to make the most of it, he should act quickly.

The next day, Oliver gets a glossy brochure through his door – he has a read through and it looks very slick and professional. The website also seems completely legitimate. Oliver likes to think he's an intelligent person, and Paul seems very nice and credible. In fact, Paul calls back that afternoon, and Oliver decides that you only live once – why not go for it? You have to speculate to accumulate.

Within a couple of hours, a courier comes round with some papers to sign. Oliver has a quick look through them and is surprised to see that the documents say he is now a company director and trustee of his pension scheme. He doesn't remember Paul saying anything about making him a company director, but the courier can't give him any more information and Oliver keeps thinking of the time-limited offer. So he signs on the dotted line.

Later that year, Oliver decides to call up and check on how his investment's doing. The line is disconnected, so he searches online and finds out that some pension transfer offers are scams. After several more months of trying to locate Paul and the missing money, Oliver calls the police and comes to realise that he has probably lost his whole pension pot. By signing the papers and becoming a company director, he has taken on new legal duties with Companies House and HMRC that he didn't know about. This leads to HMRC fining him for tax-related offences. Not only has Oliver lost 15 years' worth of savings – he's also having to pay thousands of pounds in fines to the authorities.



What should Oliver have spotted?

- Cold call
- Claims of adviser being authorised by government – but not registered with the FCA
- Promises of cash back under the age of 55
- Unrealistic returns of at least 8%
- Promises of higher returns if he agrees to being 'locked in' to a single investment for a number of years
- Being rushed into signing couriered documents with promises of a time-limited offer
- Documents naming him as company director and trustee of the pension scheme

How to scamproof yourself

- Stop. Think about it. A genuine adviser will never rush you into a decision
- Make sure the adviser is registered by the Financial Conduct Authority at www.fca.org.uk/register
- Look at the FCA's Scamsmart warning list at www.fca.org.uk/scamsmart – this will tell you the names of investment schemes that are known scams
- If you are approaching 55 or about to retire, Pension Wise can tell you more about what you can do with your retirement pot. Visit the website at www.pensionwise.gov.uk
- Before you sign anything, call The Pensions Advisory Service on 0300 123 1047 for information and advice about pension scams
- If you've already signed the papers, report it to Action Fraud at www.actionfraud.police.uk or call 0300 123 2040



If you take financial advice by someone registered with the FCA, you may be able to claim compensation if something goes wrong. If the adviser isn't registered, you risk losing everything.

Information and guidance
on options when
approaching retirement:



Backed by HM Government

www.pensionwise.gov.uk

Impartial information and
guidance on scams:

The PENSIONS Advisory Service

0300 123 1047

www.pensionsadvisoryservice.org.uk

If you suspect a scam, call:

ActionFraud

National Fraud & Cyber Crime Reporting Centre

0300 123 2040



A cross-government initiative by:

ActionFraud
National Fraud & Cyber Crime Reporting Centre



Pension scams
Help for individuals

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