GROVE PENSION SOLUTIONS LTD

ALTERNATIVES TO EARLY PENSION RELEASE

Pension TRANSFER Gold Standard

There are many reasons why someone might consider transferring their old Defined Benefit (DB) pension scheme into a 'flexible' arrangement; for some being able to take a lump sum is an important reason and may even be the main priority.

If this is what interests you, it is always worth considering alternative options as well - as they may achieve your objective and allow you to preserve your pension. The following are examples of the types of alternatives that you could consider.

1. Borrowing

Releasing money from a DB pension early could leave you with less retirement income. It might therefore be that the cost of a loan is less than the equivalent 'cost' of the benefits being given up.

2. Using other savings or assets

It is likely that other savings or assets are more easily accessible than transferring the pension to take a lump sum. It may well also be the case that taking money from these is financially better in the long term as well.

3. Restructuring debts

Credit card debts could be restructured into a bank loan; this would guarantee a payment end date and the interest rate charged is likely to be significantly less than a credit card. Similarly, a credit card balance may be transferable to a 0% deal with another company.

An existing bank loan could be spread over a longer term, thus reducing the monthly repayment.

Significant debts could be restructured into a debt management plan or even an IVA to reduce repayments. For the most extreme situation it may be necessary to consider bankruptcy.

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