

# COVID-19 and your pension

## Where to get help



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# Foreword



**Guy Opperman**

UK Pensions Minister

During these unprecedented times financial security is rightly at the forefront of many people's minds.

For the individual saver, the recent stock market volatility and economic uncertainty inevitably lead to the key question – how will this affect my pension and retirement plans?

As the Minister for Pensions and Financial Inclusion, I want to take this opportunity to remind savers that pensions are a good long-term investment.

But I also want to stress: there is help and guidance available to you.

I would urge anyone considering making changes to their pension to think carefully and to avoid making rash decisions.

But if you do still want to make changes – seek out the support that is available. The Pensions Advisory Service and Pension Wise both offer free, independent guidance.

Outlined in the following guide are the measures taken across the industry to support savers, answers to many frequently asked questions, and details on the free and impartial guidance that is available.

I strongly welcome the coordinated approach being taken by the various pension bodies that have contributed.

We are all working collaboratively in our response to the coronavirus pandemic to ensure that your pensions remain resilient.

Among the organisations contributing are the Pension Protection Fund, the Financial Services Compensation Scheme, Money and Pensions Service, the Pensions Ombudsman, the Pensions Regulator and the Financial Conduct Authority.

Many people may not be familiar with all of these organisations.

However, I hope this guide will enable readers to familiarise themselves with these bodies, and empower them to make informed decisions.

I would recommend this guide as a valuable and comprehensive tool for anyone wanting to understand how their pension savings are protected and supported at this moment in time.

My message is simple: we find ourselves in a period of great uncertainty. But across the board, pensions bodies are doing everything they can to help you get through these difficult times.

Guy Opperman  
May 2020



# Money and Pensions Service

Money and Pensions Service (MaPS) vision is 'everyone making the most of their money and pensions.'

MaPS is an arm's-length body sponsored by the Department for Work and Pensions (DWP), and it has a joint commitment to provide access to the information and guidance people across the UK need, to make effective financial decisions over their lifetime.

MaPS brings together the free services previously delivered by the Money Advice Service, The Pensions Advisory Service (TPAS) and Pension Wise. MaPS offers customers guidance and appointments over the telephone and online. We also provide people in England with information and advice on debt and are the biggest funder of free debt advice.



## Don't make rushed decisions about your pension

This is a very worrying time for people and it is vital to remain as calm as possible to avoid making rushed decisions, particularly if you're considering the next steps when it comes to your pension.

Investments are designed to deliver over the long term with measures in place to reduce the risks faced as you approach retirement. However, if you have chosen to invest your savings yourself or are coming close to retirement then you may have to explore other options such as accepting a lower income or retiring a little later than originally planned.

## Get independent guidance or advice

It's really important that you take the time to get independent guidance or speak to a regulated financial adviser before making any major decisions relating to your pension. You can call TPAS for free guidance on 0800 011 3797 or go to the [website](#) to access our webchat. If you're aged 50 or older, you can arrange a Pension Wise appointment which will look at your pension options in depth.

Call 0800 138 3944 or go on the [website](#) to book a phone appointment.

If you have a workplace pension pot and you're concerned about where your money is invested you should speak to your provider. If you have a final salary or career average pension and are considering transferring your pension, you should speak to a regulated financial adviser or use our guidance services to talk through your options before making any decisions that could have long-term implications.

## Be wary of scammers

Unfortunately, the current market uncertainty means scammers may try to encourage you to cash out of your pension. Be wary of anyone who makes contact out of the blue who wants to talk about your pension, especially if they are offering returns that sound too good to be true. You can speak to TPAS or go to the ScamSmart website if you have concerns.





**Money &  
Pensions  
Service**



## **Frequently asked questions**

### **What happens to my pension contributions if I've been furloughed?**

If you've been furloughed, the required contributions made by your employer will be covered by the government's Coronavirus Job Retention Scheme. You will still need to pay the minimum contribution to get the government's contribution. The amount you pay will shift in line with your new furlough pay.

The government will pay the minimum 3% employer contribution based on your furloughed salary, capped at £2,500 a month. Anyone earning above this amount could see their pension contributions drop significantly. If your employer usually contributes above the minimum, they should continue to make the contributions due under the scheme.



## I'm over age 55 and considering accessing my pension pot

Depending on when you're planning to retire or withdraw money from your pension, you may have to consider taking a lower income than planned. If you access your pension savings now, you might miss out on any increase in value if markets recover.

You can normally take up to 25% of your pension pot tax free, but if you take more than 25% there will be tax implications you will need to consider. Taking money from your pension may limit how much you can pay into a pension in the future.

Consider all your sources of income before making decisions about your pension pot. If you take money from your pension, this could have an impact on your eligibility to access income-related state benefits such as universal credit and pension credit.

## Scams

Like anything valuable, your pension can become the target for illegal activities, scams or inappropriate investments. Scams can take many forms and can often appear to be a legitimate investment opportunity.

You may be tempted to cash in your pension. However, it isn't usually possible for you to release cash from your pension pot before the age of 55 except in cases of ill-health or where you have a protected retirement age that is below 55. Some firms may offer to help you take your pension, this is called pension liberation. Whilst not illegal these firms take fees and you will have to pay a large amount in tax – in some cases like these people have been left with no savings for retirement.

### Contact information

[moneyandpensionservice.org.uk](https://moneyandpensionservice.org.uk) TPAS: 0800 011 3797

Pension Wise: 0800 138 3944 | The Money Advice Service: 0800 138 7777



# The Financial Conduct Authority

The Financial Conduct Authority (FCA) is the regulator for providers of personal pensions, including stakeholder personal pensions, self-invested personal pensions and workplace group personal pensions. It also regulates asset managers, other firms that provide investment services, and the advice (including pension transfer advice) given by regulated advisers.

## Don't let a scammer enjoy your retirement

Scammers are continuing to target pension pots of all sizes throughout the coronavirus outbreak. Fraudsters will exploit the current economic climate to prey on the concerns of savers and investors, especially those who may be vulnerable. Make sure you know how to spot the warning signs and how to keep your pension safe.

## Four simple steps to protect yourself from pension scams

### 1. Reject unexpected offers

Be wary of free pension review offers: if you're contacted out of the blue about your pension, it's very likely to be a scam – especially if it's from a company you've not dealt with before.

### 2. Check who you're dealing with

Check the [FCA's Financial Services Register](https://www.fca.org.uk/financial-services-register) to make sure that anyone offering you advice or other financial services is authorised by the FCA. If you don't use an FCA-authorised firm, you won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme, which means you're unlikely to get your money back if things go wrong.

If the firm is listed on the FCA Register, you should call the FCA's Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. If the firm isn't listed, you shouldn't deal with them.



Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Only use the contact details provided on the FCA Register, not the details they give you.

### 3. Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Scammers often use time-limited deals to put pressure on consumers: be wary of promised returns that sound too good to be true, and don't be rushed or pressured into making a decision.

### 4. Get impartial information and advice

- [The Pensions Advisory Service](#) provides free, independent and impartial information and guidance.
- If you're over 50 and have a defined contribution (DC) pension, [Pension Wise](#) offers free, pre-booked appointments to talk through your retirement options.

- Financial advice – it's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is authorised by the FCA, and never take investment advice from a company that has contacted you out of the blue – or an adviser they suggest – as this may be part of the scam. You can check if a firm is authorised by the FCA by searching the [FCA's Financial Services Register](#).



### Be ScamSmart with your pension.

To find out more, visit our [ScamSmart website](#).

Contact information

[fca.org.uk](http://fca.org.uk)

0800 111 6768



# The Pensions Ombudsman

We are an independent organisation set up by law to investigate complaints or disputes concerning occupational and personal pension schemes.

We can also help if you have a complaint about a decision made by the Pension Protection Fund or the Financial Assistance Scheme. Our decisions are final, binding and enforceable through the courts. We look at the facts without taking sides and our service is free.

## Who we can help

We can help if you:

- are a member of a pension scheme
- used to be a member of the scheme
- think that you should be a member of a scheme
- believe that you are entitled to benefits from someone else's pension scheme for example, following a divorce or the death of a member.

## What we can look at

We can look at complaints about the way personal and occupational pensions schemes are run, things like:

- taking too long to do something without good reason
- failing to do something they should have
- not following their own rules or the law
- giving incorrect or misleading information
- not making a decision in the right way.

You can complain to us about the employer, trustee, manager or administrator of the scheme. There are some things we cannot look at, including:

- complaints about State Pensions
- tracing a lost pension
- sales or marketing (mis-selling) of pensions
- where a decision has been made or is being considered by a tribunal, court or another Ombudsman.

Usually, you need to contact us within three years of the event you are complaining about happening or within three years of when you first knew about it (or should have known about it). Sometimes, this time limit can be extended.

We operate an early resolution service and a formal adjudication service. Wherever possible, we will try to resolve a case as early as possible to save you having to go through further, lengthy processes.

At the adjudication stage we investigate and determine complaints that are not resolved by the parties or by us. Where we issue a formal determination, it is final, binding and enforceable in court.



You can find out more about how we deal with complaints on our [website](https://www.pensions-ombudsman.org.uk)



## Frequently asked questions

### How do I contact The Pensions Ombudsman during the pandemic?

During the ongoing COVID-19 crisis, our service is operating as normal. Our telephone lines are open Monday to Friday between the hours of 9.00am and 5.00pm. We are accepting new applications as well as continuing to work on existing cases. Please note we can only accept online applications and email enquiries as we are not receiving any post. You can find out more information on our [website](#).



### What should I do if I already have a complaint with The Pensions Ombudsman?

If we have previously contacted you, please use the same email address if you have any further questions, we will be happy to help. If you are waiting for your case to be allocated, please contact [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk) for an update.



## **I'm not sure if I have a complaint about my pension – who should I talk to?**

Our Enquiries Team are available to guide you through the complaint process or point you in the right direction of where to go next. You can contact them on 0800 9174487.

Contact information  
[pensions-ombudsman.org.uk](https://pensions-ombudsman.org.uk)  
0800 917 4487



# The Pensions Regulator

**The Pensions Regulator (TPR) regulates many of the UK's work-based pension schemes. Making workplace pensions work and protecting savers is at the heart of what we do.**

We have powers to enforce many of the rules that pension schemes must follow.

For defined contribution (DC) pensions – where your retirement income is dependent on how much money is in your “pot” at retirement – we make sure schemes are well-run in the interests of pension savers.

For defined benefit (DB) pensions – which is any scheme where benefits are not based on your accrued “pot” at retirement, and would include a

pension based on your salary – we work with employers and trustees to make sure you get paid the pension you were promised.

We are quick to act when things go wrong, are clear in what we expect pension schemes to do, and tough in our response to threats to savers' retirement incomes.

## **The impact of COVID-19 on pensions**

The coronavirus pandemic has impacted on every part of our economy. As a result, the value of pension investments have been volatile and are likely to remain so for a while. This can have an impact on the funding level of a DB pension scheme, or the value of an accrued DC pot, leading to additional worry for savers. It can also lead to an increase in scams, as unscrupulous people try to take advantage of the situation.



## How we are working to protect your pensions

The COVID-19 pandemic has presented unprecedented challenges for the whole pensions industry and we are working hard with trustees, administrators, providers and employers to do all we can to make sure your benefits are protected.

Since the start of the outbreak we have worked to manage risk, giving clear guidance to trustees and employers on what we expect them to do.

We have acted quickly to ensure pension schemes focus on what matters most – that your pensions get paid in full and on time and your money is processed and handled efficiently.

This focus means some requests you make to your scheme or administrator may take longer than usual. This is nothing to worry about and in time we expect to see these requests being dealt with as swiftly as before.

The best way to ensure that a DB pension is paid is to have a strong employer behind it, and as a result we have also been pragmatic with businesses. So, we have issued new guidance which gives trustees and employers breathing space to meet their pension duties, for example by allowing them to temporarily defer payments to plug scheme deficits in certain circumstances. Any deferred payments must be made good at a later date.

At the same time, we are working with HM Treasury and the Department for Work and Pensions to make sure that the Coronavirus Job Retention Scheme supports furloughed staff in receiving their automatic enrolment pension contributions.



## Don't rush any decisions

Pensions remain a safe long-term investment for your retirement and it's important to avoid hasty decisions about cash that's taken a lifetime to build. COVID-19 is a unique situation and we urge you to carefully consider the risks of transferring your pension into another arrangement now, as you may regret the decision later. Worse still, you could have lost your pension entirely to scammers.

For the foreseeable future, anyone who is looking to transfer their benefits out of a DB pension scheme will be sent a new warning letter – signed by ourselves, the Financial Conduct Authority (FCA) and the Money and Pensions Service. It says transferring out of a DB pension is unlikely to be in your best long-term interest.

If you receive this letter, please read it and follow its recommendation towards accessing free, impartial guidance available from The Pensions Advisory Service.

If you have a DC pension, and you are considering switching your investments, you need to think carefully about the potential impact on your benefits of doing

so, particularly given the current market instability. You should consider getting investment advice before making any major changes to your pension arrangements.



## How to be ScamSmart

Pension scammers are actively looking to take advantage of the uncertainty caused by COVID-19. You must be on your guard at all times.

Becoming a victim of a scam is devastating. The most recent figures show victims of pension fraud lost on average £82,000, for some their entire life savings. Sadly, once the money is gone, it's often gone for good.

Scammers use sophisticated tactics to draw people in, no matter how savvy you are. In fact, our research shows that more than five million savers could fall for one of the most common scams tactics.



That's why since 2018, we have worked with the FCA to run multi-million-pound awareness raising campaigns to help savers get to know the signs of a scam and to make sure they always check up on the people they are dealing with.

There are four simple steps you can take to protect yourself from pension scams:

1. Reject unexpected pension offers whether made online, on social media or over the phone
2. Check who you're dealing with before changing your pension arrangements – check the FCA Register or call the FCA helpline on 0800 111 6768 to see if the firm you are dealing with is authorised by the FCA
3. Don't be rushed or pressured into making any decision about your pension
4. Consider getting impartial information and advice – search for ScamSmart online for information

Project Bloom, a multi-agency taskforce – is also working hard to combat pension scams.

The taskforce includes the FCA, Department for Work and Pensions, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, The Pensions Advisory Service and the National Crime Agency.

Thanks to that work, a number of individuals linked to the scams have now been suspended or banned from being trustees, while companies used for scams have been shut down.

Despite the huge challenges the coronavirus has brought, TPR will continue to be clear in our expectations of pension schemes and sponsoring employers, quick to intervene to tackle risks, and where necessary tough in the actions that we take to protect pension savers.



# The Pension Protection Fund

**The Pension Protection Fund (PPF) are a public body set up by law to protect members of eligible defined benefit pension schemes. These are sometimes known as final salary pension schemes.**

If you are a member of an eligible defined benefit pension scheme and your employer fails, we'll compensate you if your scheme can't afford to pay your promised pension. If we didn't exist, you would only receive a share of what was left in your scheme when your employer failed, which might be very little.

We currently look after more than 400,000 people whose employers have already failed, including 150,000 people under the Financial Assistance Scheme. Despite recent market volatility, we are well funded and well prepared to compensate existing, and future, members for as long as you may need us.

## What protection does the PPF provide?

The levels of compensation we pay are set by the Department for Work and Pensions.

Generally, if when your former employer fails, you've reached your scheme's retirement age, we will compensate you for 100 per cent of what you were promised by your pension scheme. This is also the case if, when your employer fails, you've retired early for health reasons, or if you're receiving a pension as the beneficiary of someone who has died.

If you haven't yet reached retirement age or if you've retired early, we will generally compensate you for 90 per cent of what you were originally promised. In a very small number of cases, this will be capped at a maximum level. This cap is higher if you have 21 or more years' service in your scheme.

For any pensionable service you have after April 1997, your payments will also rise in line with inflation each year, up to 2.5 per cent. This may be a lower annual increase than your scheme would have paid.



## Frequently asked questions

### **Is the PPF in danger of going 'bust' due to COVID-19?**

Despite recent market volatility, we remain well funded. Our long term funding strategy and low risk investment approach means we are well equipped to provide compensation to current and future members for as long as we are needed.

### **My employer is struggling because of COVID-19. Is my pension protected by the PPF?**

The PPF protects members belonging to eligible UK defined benefit pension schemes. You can read about who we protect on our website. To check if your scheme is protected by us, we recommend you contact your scheme trustee who will be able to let you know.

### **What can I do? I'm self-isolating and can't access supporting evidence I need to allow me to tell you about a death or change my personal information. (i.e. death certificate, marriage certificate)**

While you can notify us of a death or change of personal information, we are unable to formally process this information without first seeing copies of the relevant certificates. If you can get a scan or photo of them, all you need to do is email them over to us and we can formally process them for you. If you're having difficulties, please give us a call and we'll work with you to find other options that might be better for you.

### **How can I complete my retirement forms when I'm self-isolating?**

You can log onto our PPF member website and retire online using our simple Retire Now feature. If you have any problems please give us a call. If you prefer to fill out the paper retirement forms but can't leave the house to post them, you can scan or take a photo of them and email them to us. However, the Retire Now feature is the simplest and quickest way to retire and you can start to receive your payments at the click of a button.



### **Can the PPF still process retirement forms throughout the COVID-19 crisis?**

We remain fully operational and working to make sure our members continue to receive the same level of service they're used to. We can process your retirement forms whether they have been sent in by post or email.

However, if you are over 55 you can retire online using our Retire Now feature.

### **If I die, what will happen to my pension? How much of my pension will my spouse/ children receive?**

Whether or not your spouse, civil partner, relevant partner or children are eligible to receive PPF compensation following your death is dependent on the rules of your former pension scheme. Generally, if your spouse, civil partner or relevant partner is eligible, they will receive 50 per cent of your compensation following your death. How much your children receive is dependent on a number of factors including how many children you have, how old they are, whether they are in full time education and if they have a qualifying disability. As compensation payments for eligible survivors vary depending on your individual circumstance we recommend you read [our dedicated booklet on this topic.](#)

**How can I prove I'm still in education so I can continue to receive my survivor benefit when my school is unable to sign the continual education form?**

The administration departments for many places of education are working from home and still able to complete our continuing education forms. However, if having contacted your place of education and found that this isn't the case, please contact us as we are looking at each situation on a case by case basis.



**Contact information**

[ppf.co.uk](http://ppf.co.uk)

PPF: 0330 123 2222 | 0208 633 4902 (overseas members)

FAS: 0330 678 0000 | 0208 406 2121 (overseas members)



# Financial Services Compensation Scheme

**Set up by parliament and funded by the financial services industry, the Financial Services Compensation Scheme (FSCS) is independent and completely free to use.**

If your provider fails, FSCS can pay you compensation for a range of financial products, including investments, insurance, and mortgage advice. You might be familiar with us if you've seen our logo in the window of your bank, building society or credit union – or more likely nowadays, on their app or website. This is because we also protect deposits such as current accounts and savings.

When it comes to pensions, FSCS protects you in three main ways:

**1. If your pension provider fails,** FSCS can generally protect pensions that are provided by UK-regulated insurers, if they qualify as 'contracts of long-term insurance'. A common example is an annuity, where you exchange the cash in your pension for a regular income from an insurance company. If we can compensate you, we'll cover 100% of your pension with no cap.

**2. If a provider of one of your investments fails,** either in a personal pension (including self-invested personal pensions, SIPPs) or a workplace pension where you make defined contributions (sometimes known as a DC scheme), we may be able to pay you up to £85,000 per investment.

**3. If you've received bad advice on your pension**, for example, to transfer your pension to another provider or invest in a particular fund, we also may be able to compensate you up to £85,000.

We follow rules set by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) when looking at claims, and they set our compensation limits too. The key things to remember about FSCS protection are:

- We can only step in to pay compensation when a company has gone out of business and can't pay back your money itself.
- The company must have been authorised by the FCA or PRA when you did business with it.
- You must be eligible under our rules (individuals are generally eligible).



**You can read more about our pension protection including all the detail on our compensation limits** by visiting our [website](#)



**If you think you may have a claim**, visit our [homepage](#) and click the purple 'check if you can claim' button.



## Frequently asked questions

### **Are claims still being processed in the usual timeframes?**

We've set up our teams to be able to work from home, and we're continuing to deliver our usual claims service in the usual timescales. You can see how long it's currently taking us to make decisions on claims on our website.

### **Is FSCS affected financially by COVID-19, will it still be able to pay claims?**

Business is continuing as usual at FSCS. We're funded by levies on financial firms authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). You can find out more about how the FSCS is funded on our website.

### **Can I make a claim with you whilst shielding or self-isolating?**

Yes – the easiest way to make a claim is through our website, which you can do from home. You will need to upload documents to support your claim, and we accept scans or good-quality photographs which can be taken with your smart phone or tablet. We will also accept documents by post, and you can purchase and print postage online if you can't get to the post office. Our service is free when you come to us direct so you get 100% of the compensation you're due.



## Can I still claim through a Claims Management Company?

Yes – and to make things easier, CMCs can now sign the application form on your behalf (they must also attach written confirmation from you to say you're happy with this).

## Is it still safe to move my pension or change my investments?

FSCS can't provide advice. We would always suggest you seek independent advice from a regulated independent financial adviser (IFA) if you need it. Unfortunately, some COVID-19 related scams have emerged. These scams cover a range of products, including personal pensions, that make promises to beat the low interest rates available elsewhere. Sometimes websites use the FSCS logo to appear as though they're legitimate, when they aren't. You can check the details of an investment and whether the provider is genuine on the FCA's website.

## Can you advise me on what to do with my pension?

FSCS can't provide advice, and we would always suggest you seek independent advice from a regulated independent financial adviser (IFA) if you need help understanding your options.

# COVID-19 and your pension

May 2020

