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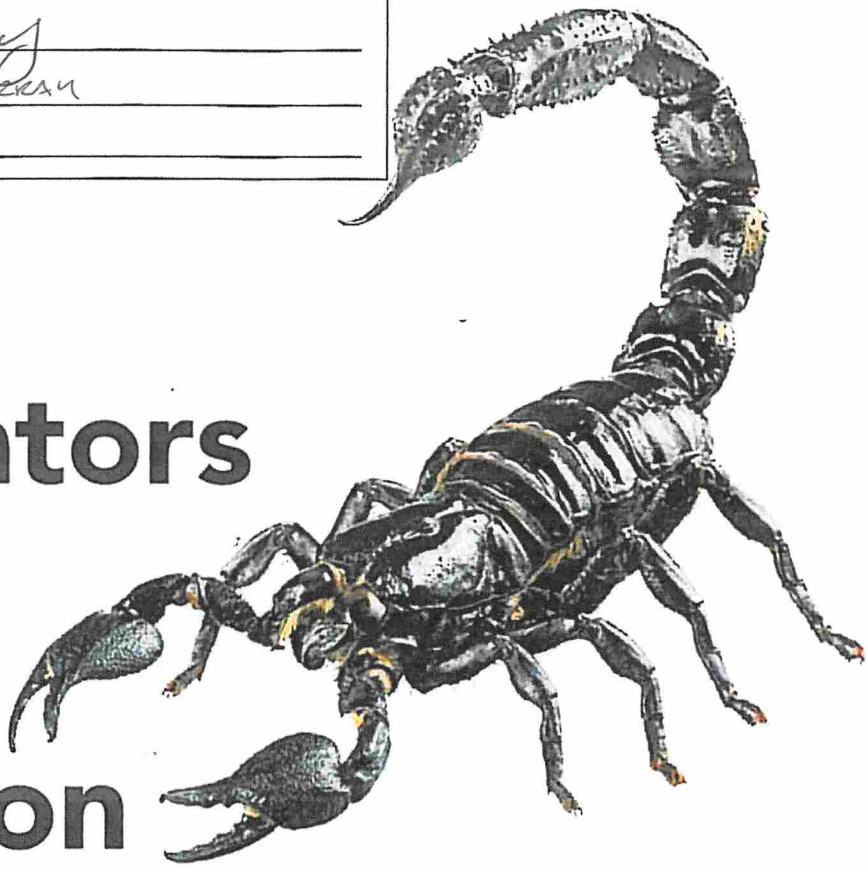
I can confirm I have read this document. I am not party to any such pensions liberation activity in anyway whatsoever.

Signed: [signature]

Name: WILLIAM MURRAY

Date: 8/10/2014



Predators stalk your pension

Companies are singling out savers like you and claiming that they can help you cash in your pension early. If you agree to this you could face a tax bill of more than half your pension savings.

Don't let your pension become prey.

ActionFraud
Report Fraud & Internet Crime

the pensions advisory service

'Pension loans' or cash incentives are being used alongside misleading information to entice savers as the number of pension scams increases. This activity is known as 'pension liberation fraud' and it's on the increase in the UK.

In rare cases – such as terminal illness – it is possible to access funds before age 55 from your current pension scheme. But for the majority, promises of early cash will be bogus and are likely to result in serious tax consequences.

Tax charges of over half the value of your pension could fall on you for taking an 'unauthorised payment' from your pension fund in this way. In addition, fees deducted from your pension for the transfer are unlikely to be recovered. Such fees tend to be very high and could be 20% or more of your pension savings in some cases.

Most of the time, people targeted by pension fraudsters or scammers are not informed of the potential tax consequences involved.

What's wrong with taking a pension before age 55?

There are certain tax advantages to saving in a pension scheme. These advantages encourage people to save for retirement, and are provided on the condition that pensions aren't accessed too early.

By the time a person reaches retirement it is possible that more than half of their pension fund will be made up of tax relief.

Accessing a pension before age 55 could result in an 'unauthorised payment', because the way in which the money is being accessed goes against the reasons for providing tax advantages to pensions in the first place. This is why 'unauthorised payments' can attract significant tax charges.

Some examples

A diverse range of tactics is employed to convince members to go along with plans to 'liberate' their pension. In some cases these arrangements appear to operate within the law, but can still attract large tax charges; and some are outright illegal.

To help identify these arrangements, we've outlined how you might be approached and what you might be asked to do. These are fictional examples, people and companies, but the actions described are based on real life situations.

Meera

Meera is 48 years old and has been in her company pension scheme for 13 years when she receives the following text message from an unknown number:

'Unlock the value of your frozen pension and get £5,000 cash back within days. Reply YES for info or STOP to opt out.'

Meera is interested so replies to the message to find out more. Soon she receives a call from Tony, who works for a company called Direct Pension Release Ltd. Tony tells Meera that Direct Pension Release Ltd can help unlock her pension early via an overseas investment fund which would be managed by trustees at Direct Pension Release Ltd. This would involve Meera transferring her pension out of her company scheme and into one suggested by Direct Pension Release Ltd.

Meera agrees to transfer her pension. She plans to take a lump sum on top of the £5,000 cash back, with the Direct Pension Release Ltd trustees investing the rest overseas. As well as the cash back, Meera is also offered a £1,000 incentive for transferring quickly. She is also told this payment will be made tax free. She agrees to pay a 10% administration fee, to be taken from the money she is transferring.

On the day Meera receives the transfer papers, Tony calls to encourage her to return the papers by special delivery so the transfer can happen quickly. Tony also suggests that Meera should chase her current pension scheme trustees to pay the transfer.

Meera signs the transfer papers that were sent to her and returns them to Direct Pension Release Ltd, but because duplicate versions were not provided she has to photocopy them.

Never be rushed into making a pension transfer.

What happened next?

Five weeks after she transferred and before Meera had received her lump sum, the Serious Fraud Office, HM Revenue & Customs and The Pensions Regulator started investigating Direct Pension Release Ltd.

As a result of these investigations, transfers in and out of the scheme where Meera's pension was held were suspended and the scheme accounts were frozen.

Eventually, Meera's pension pot was made available to her and she transferred it to a personal pension scheme. The money available for Meera to transfer to that personal pension scheme was significantly less than the amount she had originally transferred to the scheme suggested by Direct Pension Release Ltd.

The 10% administration fee which Direct Pension Release Ltd took still hasn't been traced and the £6,000 cheque that Meera eventually received for the cash back and quick transfer incentive bounced. The transfer from her previous pension scheme was found to be an 'unauthorised payment'. Meera had to pay more than half of her original pension value in tax charges.

What were the warning signs?

Unsolicited text messages

Meera was contacted out of the blue. Companies are increasingly targeting people this way, and there is evidence that they are succeeding in duping members of the public into transferring their funds to rogue pension arrangements.

Transfers overseas

One technique that pension fraudsters use is to send a large portion of your pension transfer overseas. This makes your money harder to trace and retrieve when the scam is closed down and allows those running the scheme to spend your money in jurisdictions which normally have less regulation than the UK.

Access to pension before age 55

Only in very rare circumstances can you access your personal or company pension before age 55. Any company that claims to be able to do this is likely to be engaged in pension liberation activity.

Access to your pension before age 55 can only be achieved in rare circumstances.

No member copy of documentation

In order to make an informed decision about a transfer, and to seek any appropriate additional advice, it's important to have all relevant documentation and information about the transfer, the terms and conditions and how your pension will be paid when you retire.

Companies involved in pension liberation fraud may attempt to withhold information from you, while making excuses for the lack of documentation and pressurising you into making a decision without them.

It is crucial that you understand any transfer you agree to. Always get the documents.

Member encouraged to speed up transfer

Meera was encouraged to transfer her pension as quickly as possible because Direct Pension Release Ltd knew that they could be caught by the authorities at any moment. In the time available, Meera was not able to find out sufficient information, for example about the tax consequences, so that she fully understood the impact of transferring. Always think carefully about making a pension transfer and never be rushed.

Sally

Sally is 50 and due to retire in five years. She was in her previous employer's company pension scheme for 28 years. Sally's husband was made redundant six months before the events in this scenario.

She has seen an advert on the internet which offers the chance to exploit high performance investments by using a legal loophole.

Sally clicks on the advert and is taken to the website of a company called Pension Invest Associates. There she fills in a form with personal information, including her date of birth, her home address and her telephone number.

Sally follows the website instructions and notices that the company offers a cash bonus for investing immediately. She downloads some forms from the website, which she signs and returns. Sally then contacts the HR department where she used to work to request a transfer.

Always get copies of any documents for your own records.

What happened next?

Two weeks after Sally transferred, The Pensions Regulator took legal action which resulted in the suspension of payments in or out of the scheme.

Without documentation, Sally was unable to locate information which made the process of tracing her entitlements far more difficult.

Sally's pension transfer was eventually refunded, but minus tax charges and penalties worth nearly two thirds of the value of her original pension.

What were the warning signs?

'Legal loopholes'

Don't be enticed by offers which suggest 'legal loopholes'. Any action you take which results in accessing funds before age 55 is likely to mean you face heavy tax charges. If the offer sounds too good to be true, it usually is.

Personal information

It is highly unlikely that a company will demand your telephone number and/or home address just to let you find out about the products they offer. Take care not to give out personal or financial information unless you absolutely trust the person or company that requests it.

'Cash bonus'

A bonus is usually bogus. Don't be tricked into giving away your lifelong pension savings in return for a short-term cash fix. Cash bonuses are unlikely to be part of a legitimate pension offer.

Copies of documentation

As with Meera's scenario, a company deliberately withholding documentation about the pension arrangement you are transferring to should be considered a significant warning sign. Always get the documents that detail the terms and conditions of the scheme you are transferring to, as well as the pension that you'll draw when you eventually retire.

Cash bonuses are unlikely to be part of a legitimate pension offer.

Paul

Paul is 42 and was recently declared bankrupt. He has a pension from a previous job, where he spent 11 years making contributions. This pension has not been affected by his bankruptcy.

Out of the blue Paul receives a call from someone at Pension Loans For U. He is told that he can transfer his pension in order to get a loan and that there will be no tax charge. Paul doesn't receive any paperwork from Pension Loans For U, but agrees over the phone that he will request a pension transfer and then negotiates the terms of a cash loan.

He submits a transfer request to his old company pension scheme. Shortly afterwards, a courier sent by Pension Loans For U brings Paul some documentation to sign. He signs the documents but is not given any copies.

What happened next?

Six weeks after he transferred his pension, Paul had still not received his loan. There was no answer when he repeatedly called Pension Loans For U, so Paul contacted Action Fraud to complain.

Meanwhile, The Pensions Regulator took action which resulted in the immediate suspension of all transfer activity, and the accounts of Pensions Loans For U being frozen.

Paul's loan was never paid. His pension money was paid out as part of a network of loans to other members of the public who had agreed to transfer their pensions as well.

Retracing the payments and loans took a significant amount of time, and eventually it became clear that Pension Loans For U had taken 25% administration fees from all pension pots that were transferred to them.

After all the pension loan money was traced, Paul not only lost the amounts deducted by Pensions Loans For U, but he was also liable for a tax charge of more than half his pension pot. If he hadn't contacted the authorities when he did, it's likely that even more of Paul's pension would have been lost through Pension Loans For U fees and 'loan payments'.

Pension fraudsters are likely to target people who are financially vulnerable.

What were the warning signs?

Targeting poor credit histories

Just like most people's home phone numbers, details of Bankruptcy Orders or County Court Judgements are in the public domain. So pension fraudsters will often target people who they know might be especially vulnerable and interested in short-term cash.

Unsolicited call

As with Meera, Paul was contacted out of the blue. Companies are increasingly targeting people this way, and there is evidence that they are succeeding in duping members of the public into transferring their funds to rogue pension arrangements.

Loans from the scheme to members

Transfer arrangements that involve direct or indirect loans to members from the scheme are likely to be considered 'unauthorised payments' and attract significant tax charges. Additionally, the terms of any such loan may be extremely harsh and include further costs or charges to the member in future.

Copies of documentation

A familiar theme in all our examples is that those contacting you with fraudulent offers will often withhold documentation from you – the potential victim – either because the documentation would expose the scam or the documentation doesn't even exist.

Using a courier

Being encouraged to speed up the transfer process could be a warning sign. Always think carefully about making a pension transfer, take time to understand the financial and tax consequences, and never be rushed.

If an offer sounds too good to be true, it usually is.

What else to look for when you're made an offer

Pushy advisers or 'introducers', often unregulated, who offer upfront cash incentives

Companies that offer a 'loan', 'saving advance' or 'cash back' from your pension

Not being informed about the potential tax consequences

Five steps to avoid becoming a victim

1. Never give out financial or personal information to a cold caller
2. Find out about the company's background through information online. Any financial advisers should be registered with the Financial Conduct Authority (FCA)
3. Ask for a statement showing how your pension will be paid at your normal retirement date, whether there are any tax charges, and question who will look after your money until you retire and draw your pension
4. Speak to an adviser that is not associated with the deal you've been offered, for unbiased advice
5. Never be rushed into agreeing to a pension transfer.

Be alert to offers like this and if in any doubt, take advice from a registered adviser.

If you think you may have been made an offer, contact:

ActionFraud
Report Fraud & Internet Crime
0300 123 2040

For impartial information and guidance on the topic, visit:

the pensions advisory service

www.pensionsadvisoryservice.org.uk

A cross-government initiative by:

ActionFraud · City of London Police · FCA · HM Revenue & Customs · the pensions advisory service · The Pensions Regulator · SFO · SOCA

Pension liberation fraud
Member help
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