

FT Adviser, 13 December 2011

## Auto-transfers could fall foul of 'misleading' MVAs

Certain pension plans could be hit hard by automatic transfers if the provider levies a market value adjustment, claims Almary Green.

By Michael Trudeau

Pension pots from schemes with guaranteed annuity rates or with profit policies could suffer if included in the Government's automatic transfer plans, IFA Almary Green has claimed.

Carl Lamb, managing director of Almary Green, said these pensions could be vulnerable to "misleading" market value adjustments when moved from provider to provider.

He said: "If you got a guaranteed annuity rate in the 1970s or 1980s it could be for 10 or 12 per cent."

But because the current market rate is only 5 or 6 per cent a customer could risk losing half their retirement income from the pot if it was subject to a MVA upon moving.

According to Mr Lamb, MVAs are effectively a penalty to discourage people from switching providers.

He said: "With the advent of auto enrolment and the prospect of millions of workers building up numerous small pension pots as they move jobs, the consolidation issue has become extremely important.

"We urge the government to ensure that any proposed transfer system does not inadvertently result in detrimental outcomes for pension savers."