Pension Drawdown – unedited reader experiences

Trying to pick a drawdown provider can be a difficult task. Although we do a lot of work behind the scenes at Boring Money, it is easier for us to test general investment accounts and ISAs with test accounts. We can't open up test drawdown pension accounts yet because we're not at that stage and couldn't possibly open up over 30 pensions! Imagine the stress!

This is why we rely on readers for feedback. We asked our readers who have chosen or set up a drawdown account, whether advised or self-directed, to share their experiences and feedback. What follows is a warts-and-all summary of what our readers have experienced. We thank everyone who took the time to share their experiences – good and bad – and hope that this informs the decision-making with some real-life user insights.

We have reproduced these views and have not edited for technical accuracy or otherwise – so please don't reply on these opinions or take them as gospel. They are reader opinions shared in good faith – but not regulated or personal advice and not verified for technical accuracy. (I know you all get that, but I feel compelled to labour the point!)

Our general reviews of providers can be read on our Best Buys pages.

Please let us know if this sort of shared experience is useful – if so, we can do more and formalise this a little more, providing something more representative, broader and easier to digest which could help people tackling the huge question of pensions and drawdown.

Thank you

Holly,

CEO and Founder, Boring Money

Reader 1

Dear Holly,

My chosen platform is Fidelity FundsNetwork because they don't charge for taking withdrawals, either ad hoc or regular payments.

I use an IFA (Chartered, obvs) and given the amount I have invested (ISAs, SIPP and a straightforward Investment Account) I pay 0.15% a year to Fidelity plus the IFA's fee when I need them to do anything. I choose my own investments and am not currently taking any income from the SIPP. I am in my 70s and my intention is to leave the SIPP to my children and/or grandchildren. (Tax free if I die in the next four years!)

To supplement my State Pension I take dividends from some long-held VCTs (tax free) and sell off from my Investment Account (within my CGT allowance, so also tax free.) When the Investment Account is exhausted I plan to start taking dividends from my ISA investments (tax free) unless I need more income, in which case I will sell ISA investments (tax free) and finally, when and if that all goes, I will resort to equity release (tax free). So my SIPP will be the last thing to go, but when it does I plan on taking only natural income, i.e. dividends.

Currently, 80% of my investments are Investment trusts, 18% unit trusts and 2% individual shares and I don't expect that to change too much.

I hope this helps - and thank you for your emails!

Reader 2

Hi,

I moved my pension to drawdown in June. I felt my pension was not earning and could not be left in my will to my daughter. It is early days for me but these are a few points I can pass on from my experience so far.

1. Do loads of research. Check what is available. I used various websites and went directly to some providers. Martin Lewis Money Saving Expert was helpful. I had an appointment with Pension Wise, which was very useful.
2. It all takes time so leave yourself plenty time. Consider all advice.
3. Be sure of what you want for your retirement. Be honest about your lifestyle, family and your health.
4. I researched how a traditional annuity would be for me and made a pros and cons list with that and a drawdown.
5. **I eventually went with Aegon. As they were my original pension provider I realise they weren't the most exciting choice but they were offering what I wanted. So far I am happy with my choice.**
6. Finally, I am managing my account myself. I suspect a financial advisor might be a good idea in the future but currently I have enough time, energy and interest to enjoy managing my fund. As we are living in interesting times, professional help might be advisable for anyone with either a large pot and/or with limited time or confidence.

Obviously the most important advice is don't go crazy and overspend, hopefully we'll be around for a while. Also consider any benefits you get as they will be affected. DWP

considers drawdown as if you have an annuity and calculate it as if you have that extra annual income.
Thanks Holly for the news, advice and laughs.

Reader 3

Hi Holly,
I'm in my 50s. I've had a corporate career for almost 30 years and self-employed for 5.
I have 3 pensions. One a small defined benefit at 65 and 2 money purchase.
I have kept one money purchase from my COMPANY X days with Standard Life (I last paid into this one 2014) when I left COMPANY X and my other I had in Killik with their managed product 2% fees for good or bad performance (ouch). I moved the Killik one to HL and it was quick and cheap 2 years ago.
I have lifetime protection 2014 so I am arranging to take 25% tax free of my HL pot £75k at the end of the month.
I had moved the HL pot to £xxxK cash and £xxxK stock and shares back in May. I have set up the payment for my tax free in advance.
I will then go into drawdown 5/5/2020 £19K pa, I have an ISA (with HL) income of £7k about 7% based on corporate bonds. I do a bit of part time contract work to keep dementia at bay.
HL are ok to deal with, email takes about a day for them to respond. You can phone ok. They don't accept attachments so you end up using 'snail mail' for 'wet signatures' , LPA certificates, this is a bit naff.
The trading platform is easy to use on all devices and I do trade about 4 times a month. I know the costs are higher than AJ Bell.
My Standard Life Group administered scheme isn't so good, I can't hold cash in this the COMPANY X one (joke is lowest risk option 1 rating is their Bond product that declines 0.5% pa) I will move Standard Life in a few years' time to AJ Bell I don't want all my eggs in the HL basket for obvious reasons, also it makes crystallisation simpler with a few pots.
I will burn through my HL to 65, take my final salary pension (£17k pa) and state pension hopefully at 67.
My Standard Life pot is contingency/care fund/ trade to beat the Life Time Allowance target fund.
I'll pay down some of the interest only mortgage 2.34% with the tax free lump sum, and put £40k into ISAs for my wife and myself. I am hoping to buy a red Lamborghini but it will be a Corgi toy.
We did move to PLACE 4 years ago in a downsize I left the ride on lawn mower for an allotment.
So looking forward to the market doing something, enough cash to sit on my hands for a few years whilst the politicians prat about pretending to work.
Kind Regards.

Reader 4

Hi Holly

Love your weekly blog 👍

I've recently (Nov 17) converted my final salary pensions x 2 because I was offered approx 20 times their forecasted monthly payout when I reached the age of 65 this amounted to circa £XXXk ,as we were both in our late 50s we decided the money would be better invested and drawn down monthly while we still have the will to live 👍 we do own a couple of investment property's which made our leap of faith a little easier as not cashing these pensions had been drummed into me at an early age.

We both retired and have been travelling and generally enjoying our selves since ,it has also allowed us the freedom to set up a small business to keep us busy and generally has felt like we have made the right decision 👍 although I suppose we won't truly know until we are much older 😳 To action this leap of faith we employed the services of a local financial advisor that was referred to us by a personal friend and local mortgage advisor who had known and worked with him for over 10 years. I checked him out with the FCA ,checked his fees and decided to go ahead.

He charged a one off £1500 and then 1.75% to manage the investment, this appeared to be reasonable.

I meet him every 6months to review and have been reasonably happy although the amount of charges charged are a tad confusing and I am currently speaking to both my financial advisor and Fidelity who have the funds invested to get a pound shillings and pence amount as opposed to percentages. This I would say is my main concern getting the info on the basic amounts charged. I feel I have a pretty good relationship with my financial advisor and the Fidelity website for tracking my investment is very good 👍

My advice to anyone thinking of cashing in is check costs, employ someone you enjoy working with and spend some proper time being honest with your selves about outgoings and living costs , what ever you think you'll need add 15% . Our returns to date haven't been fantastic but the market as we all know had been in a state of flux since the Brexit decision and we are not overly concerned yet 😳 we have made around 5%

We also factored in our government pension when we are 66 ,we will both receive the max amount which I have rounded up to circa £1600 per month at retirement age , once again making our decision to cash in now a little easier 👍

My final advice is make sure you have a plan when you retire early , if you don't you could well be bored out of your mind and staying at work may have been the better option , lifestyle !!!

I hope this helps anyone thinking of retiring early.

Regards

Reader 5

Why is no one talking about DC drawdown & transfers?
It's all about DB...... but my husband had his pensions stuck in DC hell too - old group / employer schemes, which are DC but don't offer any option of drawdown, it's take your tax free cash and / or an annuity but that's it!
So he set up a Fidelity sipp, good platform, low charges.......but can't actually get the assets across. One scheme is actually already on the Fidelity platform, but they won't transfer unless he takes advice. All he wants is flexible drawdown! Help!!!!!
I work in financial services so understand the ins and outs, but this is getting crazy... neither scheme has any material extra benefits which he would lose. And advisers want £3-5k to do a full healthcheck. No thanks!!!!
Grrrrrr

Reader 6

Holly and Team,
Yes - I am in pension draw-down since I retired from the XX industry (age 60) with my defined contribution (DC) pension. My company pension only provided an annuity (Friends Provident) which I did not want. They suggested I open a SIPP with Aviva, which I declined as fees were too high at 0.45%. It has not been a happy carefree experience ever since with my personal pension.
I took a 25% tax free lump sum from this DC pension, and opened a SIPP with Saga Investment Services Limited. (This firm is now run by Tilney). They operated from Pier Head, Liverpool. Technology for online share dealing was unreliable, fees higher after one 'introductory' year, and the firm was actually run by Pershing - which is in turn owned by Bank of New York (BNY) Mellon. I found the only good thing they did was accept my £2880 annual pension contribution as a debit card payment and add £720 from HMRC (giving a total of £3600 pension top up): all within a week to my SIPP!
After a few years I got fed up with Saga/Pershing/Tilney and their unreliable too expensive (% fee) based service. This was exacerbated when Pershing (via Saga located in the same Liverpool building, but with staff located on a different floor) would not deal directly with me via 'phone or email when I transferred this SIPP pension to iWeb (Halifax Share Brokers / Lloyds Bank owned). It took nearly a year for this SIPP (and a separate shares ISA account previously converted to cash - and not an 'in specie' transfer for simplicity) to actually complete to my new provider iWeb. I complained about the slowness, received no satisfaction, raised an Ombudsman complaint, and was finally offered £50 compensation to close the complaint after another six. months or so.
iWeb is hopeless at receiving annual pension top ups and processing them. It sent my 'advance' form and £2880 cheque back in the post, and would not accept debit card payments before (or after) 6th April and the new tax year had actually arrived. iWeb does monthly returns on the fifth of each month to HMRC - including April. iWeb actually took nearly 3No. months to add the £720 HMRC contribution, plus my £2880 cheque payment, to my SIPP with them this financial year (2019 / 2020).

iWeb does not operate a secure email contact procedure with clients, which I find annoying. They have an expensive 'phone contact number(often engaged / unobtainable) and an online texting service which involves starting from scratch and very laborious each time I have used it! The only reason I stay with iWeb is that share purchases are only £5 each as an 'expense' purchase dealing charge.
In complete contrast: Interactive investor (ii) has the most brilliant secure email communication system, prompt and professional on my share trading (flat fee) account, and they even deal with foreign currencies and overseas listed share sales. This came in very handy when Randgold Resources (now Barrick Gold) de-listed from the LSE about a year ago, and I wanted to sell these, now Toronto (Canada), based shares.
I will probably transfer my SIPP to Vanguard when they open up this service. This USA based broker firm for me is the best in the world - by far.
Best regards to you and all the team

Reader 7

Hi Holly
I moved my modest (£260k) defined contribution pension at the age of 60 from Aviva to an Interactive Investor SIPP.
The main reasons for doing so were;
A) the SIPP offered much greater flexibility on passing on any remaining balance to beneficiaries
B) the market then, and now, for traditional annuities was rubbish
C) with a modest NHS pension, state pension to come, no debts and some savings, I was able to take a little risk with managing my own investments
Of secondary interest;
a) doing a little trading has been a bit of fun
b) II in particular was chosen because of its relatively low charges and wide range of investments
Of course, the markets are all a bit strange since 2016 with Brexit, Trump, worldwide uncertainty. Perhaps more than usually so. So, perhaps the 15% growth in my fund over the past two years may not be typical (looking at my individual investments, all in funds, I could have done both better or worse) and I try not to follow performance too closely as jitters in the markets can easily cause gains or losses in the thousands and mean sleepless nights.
My intention is to start drawdown in 2020 (by when Murphy's Law dictates the bottom will have fallen out of the world and I will be broke of course). Probably in £80k slices (withdraw £20k tax free and leave £60k invested - repeat for approx. 4 years, then withdraw remainder as needed on a taxed basis).
I would recommend a similar course of action to others, especially those with a few years left before access is needed.

<u>Reader 8</u>

In my 70s, in flexible drawdown with SIPP
Broker recommended James Hay and fine for vanilla equities and unauthorised private syndicated property investments which went very well to start with Nex and other unlisted investments - the latter non-property all with Selftrade. Don't think JH would now allow unauthorised property syndicates.
Changes at JH offered chance to move cost free. Targeted AJ Bell but after weeks of wanting me to do the leg work (not what it said on the tin) could not and decided not to move because of significant holdings in a Nex listed brewer and another delisted Investment.
Very happy with AJB for my dealing account and happy to invest directly in Japan but have not been able to find anyone to buy the Turkish Coca Cola bottler. Not on an HMRC recognised SE. Similarly Blackstones Bombay listed Property Bond listing.
Have successfully invested via Senneca in private company but declined similar offering from Dow Schofield Watts.
Also use Hargreaves L for dealing and ISAs and wife's SIPP. Although irritated with their dividend re investment which has to be on all or none investments and is only done at a set time each month. Having Dealing accounts with the same provider helps CGT planing and inter spouse transfers and HL have also been good with this and provided tight spreads on transfers. They have also been good at setting up 8 grandchildren bare trust accounts with cash and in specie transfers and last year transferred CGT pregnant stock to a charity which is a very effective way of giving and avoiding tax .
As a retiree also attend AGMs where investment trust managers give useful advice.
John Kay and Andy Bell have written useful books and the Naked Trader provides a smile , Weekend FT and app also useful but stopped Investors Chronicle sub.
All good fun if you are interested.
Regards

<u>Reader 9</u>

Holly
I started into SIPPs when they first emerged with James Hay, unmitigated disaster! Perhaps it was because it was so early days but their service was awful. Various moves over the years and arrived at AJ Bell. Have recently brought everything except day to day cash to **AJB. Solid company (as much as anyone), cheaper than Fidelity (where I had ISAs for a number of years) and now a pretty operable website that enable research on most things and where dealing is easy and cheap.**
There is a lot of analysis available if you want a profile of your investments. If moving from one to another best way is to sell all and transfer as cash I had a couple of funds that sat there due to technicalities and no-one sorted it until I made a fuss so the transfer in was very long winded. Trust that's useful do ask if you need more.

Reader 10

Hi Holly

I entered drawdown (Hargreaves Lansdown) about 18 months ago. Rather than selling off bits of capital to help fund my retirement (I have a defined benefit pension also, which pays the bills) I invest in income producing investment trusts, and just harvest the dividends, leaving the capital intact. There's lots of mainstream ITs across many sectors and asset types that pay dividends of 4-5% plus. I average a 5% yield this way.

One added advantage of ITs with Hargreaves Lansdown is that the fees are capped at £200 p.a., whereas with funds they are not - at least not until you hit a very high value. This means that I can utilise HL's excellent service at a reasonable cost.

Reader 11

Hi Holly

I have been in a Sipp for many years during my working life and then choose nil income drawdown in my mid 50s.

I had over £500,000 in my private pension and was looking forward to using it at 50.

At age 50, i along with others at the company I worked for were made redundant.

A year before I was going through this situation the government of the day put the minimum age up from 50 to 55!!!! BASTARDS !

Anyway I have been now in originally nil income drawdown for 8 years, and are now in the past 2 yrs taking ad-hoc withdrawals out but always keeping my annual tax bill as low as possible, sometimes nil tax payer.

Having worked in Financial services for years before retiring I believe I knew the market place quite well but there were new entrants coming in all the time to drive down charges and even offer A.I. to look after your money.

I was originally with Scottish Life whom became Royal London for my SIPP but when choosing the company for my FDD I choose **Fidelity International.**

The charges are low, not the lowest but they offer a great little product which I find easy to use and enough choose of funds , sectors , asset classes to keep me happy.

Switches are done very quickly and cheaply .

I have never had to complain to them unlike my bank or others I deal with !

In a nut shell ;

- low charges, cash back on the initial switch. Great on-line offering and mobile app.
- Great service and a free investment manager who I can run ideas by before making the investment move.

Hope you have a great show and I love your blog and forward it to many friends.

Reader 12

Hi Holly

I have a SIPP with Old Mutual (renamed Quilter) and I took the pension out back in the 90s when I moved from a company providing a defined benefit scheme. To be honest over the years I didn't do much playing around with it once I'd set up the funds that my monthly contributions were paid into. That was until around 2010 when I decided to shift everything into just two tracker funds (HSBC USA and HSBC Europe).

Then George Osborne did everyone a favour with the pension reforms and I went about transferring some other smaller pension pots into the Old Mutual pot. I put these into Fundsmith. The two key things for me though were that Old Mutual says it won't charge me anything when I come to draw down monies from my pension pot; effectively they say it is the same as accessing a bank account. The other thing is that my quarterly charges are a fixed cash sum (not a percentage of the value of the fund). This I know is unusual and much to my benefit. So in essence the key reasons for staying with Old Mutual are the apparent reasonableness of ongoing costs and the costs of withdrawal. I am in my late 50s and don't plan to access my pension until 65 unless times get tougher in the interim. Until now I have kept my defined benefit pension separate rather than rolling it into the Old Mutual pot.

However based on the transfer values I have been quoted I may ignore all the experts advice and transfer a lump sum across to a SIPP (not necessarily Old Mutual, perhaps Vanguard if they offer one over the next couple of years in the UK). Again the key things for me would be simplicity and low cost.

Reader 13

Hi Holly,

My drawdown choice was to go with the Pru. This followed the recommendation from my IFA, whom I've known and trusted for many years now. He's proved himself time and time again.

Why the Pru? Reliable, solid, experienced, informative, good reputation and overall I got a good deal. The process was actually fairly simple and straightforward. I initially took the 25% tax free option but have yet to free up the monthly payment option but the fund has grown. What's not to like?

My IFA has become a friend of the family although we don't socialise. He keeps me fully in the picture with regular contact and investment updates/recommendations and the reasons behind them.

Yes, he'll make a few bob from my business but I'm doing ok thank very much.

When I read about the scams and problems which abound in the pensions industry, it's a relief to deal with someone I trust. I feel I can sleep at night.

Hope you find these comments as interesting as I find your column!

Reader 14

Hi Holly,

I had a defined benefit scheme from 20 years with the Allied Dunbar, Zurich and Openwork family.

My ex AD, then and now Openwork adviser had regularly checked my pension position and helped me get protection in place well before I thought it was needed as he'd done the sums, so I only have a small amount that may get hit by higher charges. Incidentally, over the years he had also got me paying into a personal pension, reducing my mortgage, saving into ISAs and doing an EIS that is in positive growth after 4 years. I simply wouldn't be in the financial position I am now without him.

His fees? 3% initial, 0.5% ongoing.

The only negative is their recent Omnis portfolio range performance.

He introduced me to an IFA to advise on a pension transfer (Openwork didn't do the business in 2014). My reasons... to access TFC to pay off mortgages, to control what money I took from my pension pot/when and for any left to go to my children. Transfer values on offer were also very favourable.

IFA charged £8k. I had 3 meetings; he was very thorough. I had to write a letter explaining in my own words why I wanted to do the DB transfer. Not hard as I was clear in my own mind. I thought the price was high for the work involved but understand he had to take on the advice risk for life.

I don't pay any ongoing advice charge.

Whole process took maybe 8 weeks?

He put me with LV= (reputationally solid with keen pricing) and QC manage the money. They've broadly returned approx 6% pa net of all charges, so I'm happy.

I started taking income just a few weeks ago - all done via a phone call and confirmatory emails and had my first payment within 2 weeks.

You may get more responses describing painful journeys but the good ones should get a mention :)

Reader 15

I'm about to take the plunge and getting frustrated with the incompleteness of the support for a DIY customer, despite being charged serious amounts of money by my current provider, Hargreaves Lansdown.

So what are my gripes?

1. The lack of real world cashflow tool. My position is not untypical with a large DC scheme, 2 small DB schemes and an expected state pension. The complication is that all of these have different dates but all the HL tool allows me to do is assess drawing down the same amount every year. So what do I and my similarly aged friends do is pay an adviser or build our own spreadsheet.
2. Lack of support in creating an income portfolio. Surely I should be able to create a proposed portfolio see what is the historic yield and the asset mix but no I have to wade through the recommended funds and work this stuff out myself or select the

HL income portfolio which just so happens to invest in their relatively expensive funds

I'm an experienced investor and so I don't want to delegate my decisions to an IFA but equally I do want more support, especially considering HL takes a decent share of my income.

Reader 16

Hi Holly. On the basis of a no name HNW investor in drawdown with a SIPP I can say in confidence:

- SIPP platform Standard Life fixed fee not bps
- About £1.5M protected fund
- DFM with Vestra @ 40 bps. 60/40 securities/ funds.
- 40bps to IFA
- Buy and hold strategy tilted to high yield equities. £30 transaction charges - about four or five a year
- Three years income on deposit outside the SIPP plus other investments and income
- MiFID statement over £25K all in fees - most incurred via the funds
- Net income at 4% drawdown about £35K

Reader 17

First things first, thanks for the weekly email, it's really good - gives a different perspective on things.
Not sure if this is what you need, our (my wife & I) savings and pensions are invested with Succession now. We originally used another adviser but he just sold us a couple of investment policies, so we moved on the recommendation of three other couples.
The pensions are invested so that we can take money from them as and when needed and either take the tax-free element straight away or as 25% of each withdrawal. For us this seems to give us the flexibility we need. I'm in the fortunate position of having a company pension and now get the state pension, so fortunately haven't had to touch our investments yet. The investments have bettered inflation (low / medium risk) net of fees so in these times of rubbish interest rates at the banks we are happy.
Advice for others - do your research, we didn't do enough when we first looked for an adviser and I think we were a bit green although our first guy was recommended!

Reader 18

Why Hargreaves?
1. Best marketing.
2. Gave me £500 to move
3. My new work ethic, i.e. if it's sunny I don't, rainy ok if I must just to give my wife a break from my pension spreadsheets. I'll be stopping and starting my pension payments unpredictably so then that probably clinched it.

Reader 19

Slightly off your topic but I was fortunate enough to be in a Final Salary Pension and I joined the majority (I believe) in opting to take a 25% lump sum upon retirement, obviously with the consequent reduction in the sum I now receive monthly. Seemed sensible (to me) to take that option.
But here's the funny thing - my State Pension (payable at 66) is currently going to be £6 per week under the max.
Her Maj's people suggest that it might be because my employer opted out of SERPS for a while (which they did). But my comprehensive year by year record shows full contributions being received by Her Majesty during those years.
Equally puzzling is that I'm credited with full amounts in the two years immediately post-16 when I was in the Sixth Form, but no amounts at all in the four years I was a full time university student. (A Third in Welsh History, since you ask).
My accountant and a specialist accountant can't understand the explanation or the figures.
Am I the only person to be thus affected?
Hmmm... I can make it up by paying an additional £1400, which will put me back on track after three years of receiving the state pension, but we're all bamboozled.
Hope your speech tomorrow goes better than our PMs have done this week. Thanks for your interesting newsletters.

These are a selection of some of the comments and emails we had back last week.

We plan to build more with a focus on gathering specific service feedback – who does what well? How long do transfers take? Is the paperwork painful? What do you value?

In short – what is the actual on-the-ground experience of tackling a drawdown pension like!?

Once again – drawing down pensions can be technical and uncertain. Please don't take other reader comments as gospel (I know you're not idiots but feel compelled to hammer that home) but at the same time I think this shows how we could usefully gather broader feedback and help steer the "Who to choose" conversation, if not the more technical aspects.

Would welcome any views as always.

Thanks for your interest and feedback

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