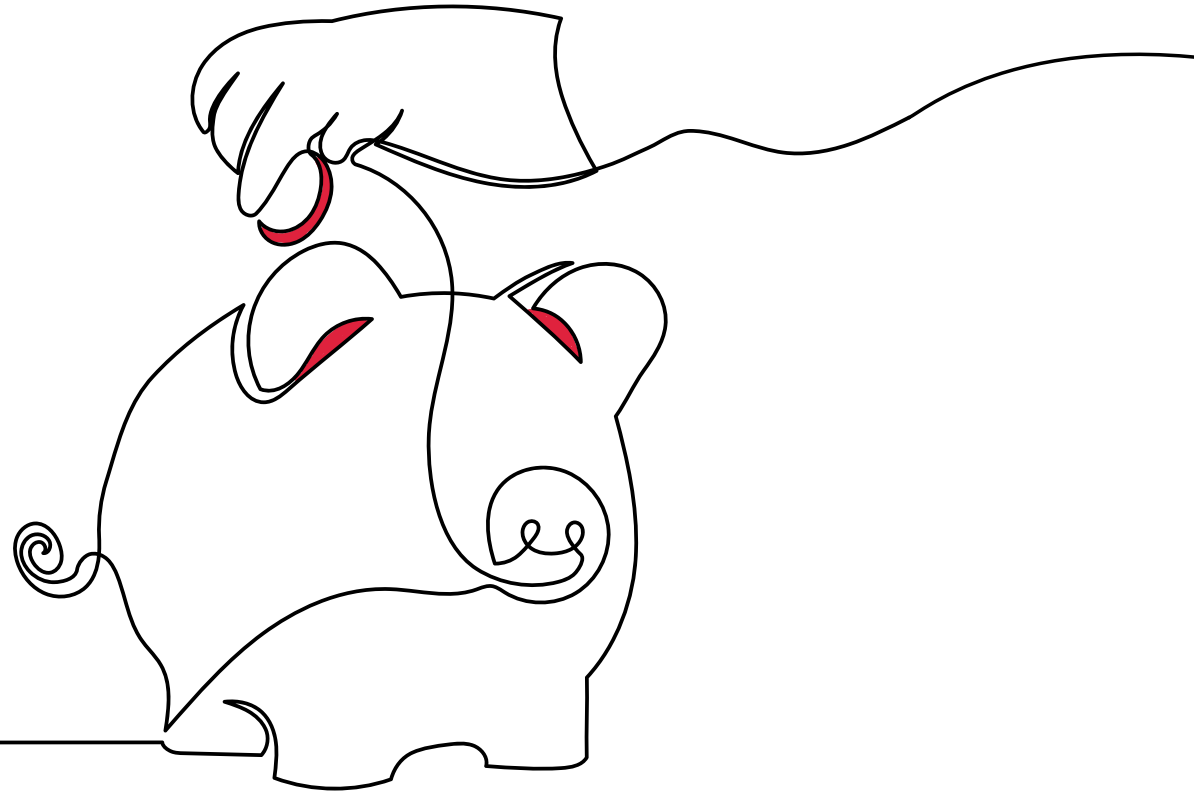




Retirement Options



**From the age of 55
you'll be able to take
responsibility for the
money you've saved and
access your pension pot
however you like.**



You might want to:

- **Have a guaranteed income for life**- Get a fixed amount of money every month until you die.
- **Have Flexible access** - Take your money out when you need it and leave the rest invested.
- **Take it all in cash** - Take all your money in one go, to use as you please.
- **Leave it for now**- Keep your money in your pension pot and give it the potential to grow.

A guaranteed income for life - an annuity

One of the options when it comes to what you do with your pension savings is to buy an annuity. There are a number of different types but they all pay a guaranteed, monthly, quarterly or annual sum until you die or for a fixed amount of time ("guaranteed period").

With an annuity:

- You know how much you'll be getting and when
- You could be paid an income for the rest of your life
- There are a range of annuities to choose from
- Once you've bought an annuity, you're locked in

Flexible access to your pension pot – Flexi-access drawdown

You can access your pension savings as and when you like, taking however much money you want.

With flexible access to your pension pot, you could:

- Take your money in chunks
- Take 25% of it tax-free
- Leave the rest invested so it can potentially grow
- Pass on the money left when you die
- Run out of money if you don't budget properly
- Reduce the maximum amount you can save into pensions

Take it all in cash

You can take your entire pension pot at once from age 55. This gives you total control of your money and 25% can be taken as a tax-free lump sum.

Leave it for now

You may not need the money just yet, in which case you might want to consider leaving your pension pot invested.

- Your pension pot has the potential to keep growing until you're ready to take it
- You can continue to work, it's your decision when to stop

Things to consider:

Money left in a pension will stay invested

Any money left in a pension stays invested and has the potential to grow. This can mean that there's more available when you choose to access it.

Do you need a regular income?

Depending on your other investments and assets, taking your pension as a lump sum may leave you with no regular income other than the State Pension.

Your money is subject to tax

You can take a 25% lump sum from your pension pot tax-free, the other 75% will be taxed as income. Taking all your money at once may mean you enter a higher rate tax bracket.

Carry on saving

Once you take your pension pot as cash or draw income from your flexi-access drawdown, you can still carry on funding pensions, but the maximum amount you can save each year will reduce to £4,000.

Those in capped drawdown on 5th April 2015 may continue in capped drawdown and benefit from the current £60,000 annual pension funding allowance.

The residual funds payable to your beneficiaries on death will also depend upon your retirement choices. We would strongly recommend that you seek advice from a suitably qualified financial planner before committing yourself.

What happens to your pension when you die?

- If you die before age 75 – your pension can be paid to your beneficiaries tax-free, either as a lump sum or through a drawdown account.
- If you die aged 75 or older – your pension can be paid as a lump sum. Your beneficiaries will only pay tax at their marginal rate of income tax.

There will normally be no inheritance tax to pay.

If you have an annuity

If you chose a guaranteed period and die within this period then the annuity will continue to be paid until the end of the guaranteed period.

If you bought a joint life annuity the annuity payments will continue to be paid to the second person, at the level you chose, until they die. The annuity payments will be taxed as income at their marginal rate.

In all other cases your money dies with you so no further payments are made.

What happens to your State Pension?

Your basic State Pension is paid only to you and can't be passed on to someone else when you die. If you have contributed towards an additional State Pension your spouse or civil partner may get some of this.

If your spouse or civil partner is over State Pension age when you die, they may be able to increase their basic State Pension by using your qualifying years entitlement. That is, as long as they don't already get a full pension.

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Disclaimer: This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

If your spouse or civil partner is under State Pension age when you die, any State Pension based on your qualifying years entitlement will be added to their State Pension when they claim it. For this to happen they can't have remarried or formed a new civil partnership by the time they reach State Pension age.

If you've deferred your State Pension and you die, your spouse or civil partner may be able to claim an additional State Pension or a lump sum.

The need for advice

You will want to get the most from the new pension freedom, but at the same time you need to make sure you get through retirement comfortably without running out of money. You also need to think about the tax implications of your choices and you may not be able to change your mind.

Make sure you talk the options through with your financial advisor.

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