simple

Simple Financial Advice

For Your Pension and Investments

Low-Cost Financial Advice

Delivered Over The Phone

0800 434 6337

Monday to Friday ~ 9am to 5pm

YOUR OPTIONS IN RETIREMENT

Options now available for assessing your pension savings

May 2017

www.simplefinancialadvice.co.uk

Options now available for assessing your pension savings

When you are accessing your pension savings, it is no longer a requirement to purchase an annuity. This means that annuity purchase can be avoided completely in suitable circumstances, although annuity purchase may remain an appropriate route in some cases, at some point in time.

1. You can leave your existing pension fund with your current provider. Then, if you wish, take a tax free cash sum (known as a Pension Commencement Lump Sum) and buy a guaranteed income for life - a conventional Lifetime Annuity (Compulsory Purchase Annuity), from your current provider.

2. You could transfer the whole value of your pension fund to another provider who offers the best annuity rate for a Lifetime Annuity (this is known as exercising the Open Market Option).

3. You can use the whole of your pension fund after any tax free cash has been paid to purchase a Lifetime Annuity on a ‘with-profits’ or unit linked basis with your existing or another provider.

4. You may transfer your pension fund to a provider offering a Lifetime Annuity on a flexible basis (often called variable or third way annuities). These types of annuity look to combine the certainty of a lifetime annuity with investment growth as seen with Drawdown Pension.

5. You can transfer the whole value of your pension fund into a Drawdown Pension. This allows you to vary future income levels to fit in with your overall financial plan, either by use of drawdown pension or short term annuity.

6. You can take all your benefits as a lump sum, known as an Uncrystallised Funds Pension Lump Sum (UFPLS). The first 25% of the lump sum will be tax free with the remainder taxed as earned income. In some cases, you may be able to withdraw your fund as a series of UFPLS if required.

7. You can convert your retirement fund in stages, over a number of years (often referred to as staggered vesting or phased retirement) into income using either Annuity, Drawdown Pension or UFPLS. This may be available with your current pension arrangement or you may need to transfer into a Personal Pension Plan or Self Invested Personal Pension first.

8. You may transfer your pension fund to a provider offering a Scheme Pension (usually only available with Defined Benefit pension schemes). This allows for income levels to be actuarially determined based on your personal circumstances.

9. You can also use the value of your pension fund to utilise a combination of these options.

10. If you meet the following conditions, it may be possible for you to take all your benefits from a defined benefit pension scheme as a lump sum (known as a trivial commutation lump sum):

a) The value of all your pension rights from all registered pension scheme sources (including the value of existing pensions in payment) must be £30,000 or less; and

b) You are aged 55 or above (or meet the ill-health conditions); and

c) You have some unused lifetime allowance left; and

d) The payment eliminates your defined benefit rights under the scheme in question; and

e) The payment is made within 12 months of your first trivial commutation lump sum being paid (if applicable and not including any trivial payments paid before 6th April 2006).

In addition to the above, if you are aged over 55 and have any small occupational and/or non-occupational pension pots with values of £10,000 or less each, you may be able to take those as lump sums irrespective of the value of your overall pension benefits. The number of small pots you can take in this way is restricted to three for non-occupational pensions (such as personal pensions, retirement annuities, stakeholder pensions) but is unlimited for occupational pots (such as final salary schemes, occupational money purchase schemes and public sector schemes).

If you have not previously taken benefits from the scheme paying the lump sum, only 75% of the lump sum will be taxable (as pension income). The other 25% will be paid tax free. If the lump sum is being paid from pension savings that you have already put into payment the whole lump sum will be taxable as pension income.

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What We Do

We restrict our advice to Pensions and Investments only. Wherever possible, we look to provide low-cost product solutions with excellent returns.

The business has always been fee-based, and has an excellent reputation for delivering high-quality advice at a competitive price.

Regulated For Over 10 Years

We have been providing regulated financial advice for over 10 years. The Legal Entity that is authorised by the Financial Conduct Authority (FCA) is Simple Financial Advice Limited, FCA Reference : 456653.

All staff at Simple Financial Advice have worked within FCA regulated firms for many years, and all our advisers are authorised by the FCA.

Telephone Based

By providing advice over the phone, our fees are lower than most traditional face-to-face advisers. We can charge lower fees as our salaried advisers are paid to give regulated financial advice only, and not for travelling, administrative work, or research.

Our Advisory Teams

Each team comprises a qualified financial adviser, a para-planner who researches the market, and an administrator.

Our teams work in close proximity, ensuring all areas of expertise are available to answer client queries effectively. Every member of the team is involved thereby ensuring a more personal service.

Get In Touch With Us

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