

MPL Guide to Retirement Options

	BEFORE RETIREMENT	OPTIONS AT OR DURING RETIREMENT AFTER AGE 55 WITH NO AGE LIMIT			
	PERSONAL PENSION FUND	LIFETIME ANNUITIES	TEMPORARY ANNUITIES	CAPPED DRAWDOWN (CD)	FLEXIBLE DRAWDOWN (FD)
After age 55 the following options can be selected >>>>>>>>	Defer ALL benefits to any future date no matter what age	Take Tax Free Cash Option – usually 25% of fund. Convert remainder to a lifetime annuity. Taxed as earnings. Annuity choices: 1. Traditional Guaranteed Annuity 2. With-Profit/Investment Annuity 3. Flexible Lifetime Annuity	Take Tax Free Cash Option – usually 25% of fund. Convert remainder to a temporary annuity. Term 3-25 years duration and can be renewed. Taxed as earnings. Annuity options can be varied at the end of the term Annuity choices: 1. Traditional Guaranteed Annuity 2. Investment Annuity 3. Flexible Lifetime Annuity	Take Tax Free Cash Option – usually 25% of fund Draw income from fund of between 0 - 100% of GAD Annuity rate. Taxed as earnings. Defer purchase of an annuity. Annuity options available at any time	Take Tax Free Cash Option – usually 25% of fund Providing the MIR is satisfied unlimited income may be drawn. Taxed as earnings Defer purchase of an annuity. Annuity options available at any time.
Death before spouse or civil partner; or before children are non-dependent	Before age 75 capital received up to the LTA is tax-free. After age 75 the whole fund is subject to 55% tax. Capital can pass to nominated beneficiaries or to your estate. See other options for income.	Continue to pay income until any survivor-clause lapses. Taxed as earnings. Value of income still due during guarantee period will be liable to IHT.	Continue to pay income until any survivor-clause lapses. Taxed as earnings. Value of income still due during guarantee period will be liable to IHT	Passed to dependant(s) either as capital after tax charge of 55% or as: 1. Annuity. 2. Capped Drawdown. 3. Flexible Drawdown	Passed to dependant(s) either as capital after tax charge of 55% or as: 1. Annuity. 2. Capped Drawdown. 3. Flexible Drawdown
On death dependants will be allowed full access to the capital as above when beneficiaries. Income arising is liable to tax. See other income options.	... receive taxable income if they are included as joint annuitants.	... have choice of benefits: 1. If capital protected, fund less income received and 55% tax. 2. Taxable income from annuity, t/annuity, CD or FD with a 55% tax charge on 2 nd death before final release of residual capital.	... have choice of benefits: 1. Capital after 55% tax. 2. Taxable income from annuity, t/annuity, CD or FD with a 55% tax charge on 2 nd death before final release of residual capital.	... have choice of benefits: 1. Capital after 55% tax. 2. Taxable income from annuity, t/annuity, CD or FD with a 55% tax charge on 2 nd death before final release of residual capital.
If you die single and with no dependants	Capital received is as above but there are no income options.	Annuity ceases after any guaranteed period.	If capital protected, fund less income received and 55% tax.	Fund released as a lump sum to nominated beneficiaries or your estate after 55% tax.	Fund released as a lump sum to nominated beneficiaries or your estate after 55% tax.

Key to abbreviations:

CD = Capped Drawdown

FD = Flexible Drawdown

LTA = Lifetime Allowance currently £1.8m reducing to £1.5m 6th April 2012. (Excess charge 55%)

MIR = Minimum income requirement of £20,000 pa from State Pensions and Annuities - other income excluded

IHT = Inheritance Tax (40% over nil rate band currently £325,000)

GAD = Government Actuary's Department

NOTE: In all scenarios a donation to a registered charity will be free of taxes

This table is offered as guidance to the options available to clients at the time of publishing (May 2011) and is not to be taken as definitive advice on retirement choices. (E&OE)



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