

A Guide to Your Retirement Options from April 2016

BEFORE RETIREMENT		OPTIONS AT OR DURING RETIREMENT AFTER AGE 55 WITH NO AGE LIMIT			
	PERSONAL PENSION FUND	LIFETIME ANNUITIES	TEMPORARY ANNUITIES	CAPPED DRAWDOWN (CD) continues unless limits are exceeded then converted to FAD →	FLEXIBLE-ACCESS DRAWDOWN (FAD) Replaces FD and CD and new is Uncrystallised Funds Pension Lump Sum (UFPLS)
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	If policy commenced before 6 th April 2015. Take Tax Free Cash (TFC) Option – usually 25% of fund. Draw income from fund of between 0 - 150% of GAD Annuity rate. Taxed as earnings. Defer purchase of an annuity. Annuity options available at any time	Take Tax Free Cash (TFC) Option – usually 25% of fund. UFPLS cash in whole fund 25% TFC/75% taxed income. Unlimited income may be drawn. Taxed as earnings. Any income drawn reduces the annual contribution allowance to £10,000 pa Defer purchase of an annuity. Annuity options available at any time.
Death before spouse or civil partner – with nominated beneficiaries	Before age 75 capital received up to the LTA is tax-free. After age 75 the whole fund is subject to the beneficiaries marginal rate of 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. If capital protected, fund less income received tax free before age 75. Beneficiary marginal tax rates after age 75. See other options for income or as: 1. Flexi-Access Drawdown	Passed to beneficiaries' tax free before age 75. After age 75 the whole fund is subject to the beneficiaries marginal rate of tax. Capital can pass to nominated beneficiaries or to your estate. See other options for income or as: 1. Flexi-Access Drawdown	Passed to beneficiaries' tax free before age 75. After age 75 the whole fund is subject to beneficiary's marginal rate of tax. Capital can pass to nominated beneficiaries or to your estate. See other options for income or as: 1. Flexi-Access Drawdown
If you die single and with no nominated beneficiaries	Capital received is as above but there are no income options and value paid to your estate	Annuity ceases after any guaranteed period and is paid to your estate.	If capital protected, fund less income received paid as a lump sum to your estate.	Fund released as a lump sum to your estate as above.	Fund released as a lump sum to your estate as above.

Key to abbreviations:

FD = Flexible Drawdown

UFPLS = Uncrystallised Funds Pension Lump Sum

TFC = Tax Free Cash

CD = Capped Drawdown

FAD = Flexi-Access Drawdown

LTA = Lifetime Allowance currently £1.0m (Excess charge 55%)

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



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