Retirement Options

2018

NW BROWN
WEALTH MANAGEMENT

Understanding your options

You have a number of choices at any time for age 55. Not all options may be available from the NW Brown SIPP.

The options represent the choices available in the market to all customers. Making the right choice for your circumstances is very important. Once you have read the list below, you should speak to your Financial Planner or a member of our Financial Planning team before making your decision.

Options for your pension fund

1. Leave your pension fund untouched

There is no need to access your pension fund until you wish to do so. Your pension fund remains invested which means the value can go up or down.

You can continue to save into a pension and decide what to do at a time that suits you.

If you would like to choose a different retirement date, please ring us on 01223 720329 to let us know your new expected retirement age. We will then get in touch nearer the time.

2. Buy a Guaranteed Retirement Income

You can normally choose to take up to 25% of your pension fund at outset as a tax-free lump sum. The rest will be used to buy products that will give you a taxable guaranteed income. This means that you will know how much you will receive and for how long. If you have a medical condition, are overweight, smoke or have a poor lifestyle, then you could get a higher income. It is important you shop around as providers can use different factors when working out how much they will pay you. Typical products you could choose are:

A. Lifetime annuity

This provides a guaranteed income for as long as you live. Once you have chosen a lifetime annuity you will not be able to make any changes and will be locked into it. There are many types of lifetime annuity, so make sure you choose the right one for you. For example, you can also choose to provide an income for a dependant or other beneficiary after you die.

B. Fixed-term annuity

This provides a guaranteed income for a set period that you choose at outset. A fixed term annuity can be set up to give you a lump sum back at the end of the fixed term, which allows you the flexibility to reconsider your options at that time.

3. Provide a flexible retirement income

This option is known as flexi-access drawdown. You can normally choose to take up to 25% of your pension fund at outset as a tax-free lump sum. The rest can be used to provide taxable income payments directly from your pension fund. You can vary the amounts you take and when you take them. There are no limits to the income you can take which could increase the rate of income tax you pay when added to your other income. Your pension fund remains invested which means the value can go up or down. You can use the money you have n flexi-access drawdown to buy a guaranteed retirement income product at any time.

An investment-linked annuity is a type of lifetime annuity (see section 2.) that will provide you with an income that goes up and down with investment returns. Typically, these guarantee a minimum level of income if investment performance is poor.

4. Take cash

This is called Uncrystallised Funds Pension Lump Sum (or UFPLS). 25% will normally be tax-free. The rest will be taxed and could increase the rate of income tax you pay when added to your other income. Future amounts paid into your money purchase pension savings must be limited to £10,000 a year or you will pay a tax charge.

Options for your pension fund

If the value of all your pension savings is above a certain limit, and have not been assessed against your remaining limit, further tax charges may apply when you access your pension fund. The limit is called the lifetime allowance. The standard lifetime allowance is £1m for the tax year 2017/18 and will increase in line with the Consumer Price Index from April 2018. HM Revenue & Customs will have sent you a certificate or reference number if you have a different, personal lifetime allowance.

Mix your options

You do not have to use all of your pension fund at one time. You can choose more than one option and do different things at different times. You should shop around to find the mix of options that suits you, as you do not need to buy all options from one provider.

Your decision about which options to choose is likely to be influenced by many factors, such as how much income or cash you need now and in the future. You should also consider your personal circumstances including people that are financially dependent on you and the impact that your choices may have on taxation and State Benefits.

This is an important decision, and we would encourage you to speak to your Financial Planner or a member of the Financial Planning team on 01223 720208.