Your future is full of choices
Planning what to do with your money

A good place to start planning how to use the money in your pension is by understanding your options. Regulation changes and our flexible approach mean that you’ve more choice than ever.

With our support, guidance and useful financial planning tools, we can help you find the path that best suits you.

Your money, your options
When you come to start taking your money you have a number of options with your pension.
You can:
• Take the lot
• Take a flexible income
• Buy a guaranteed income for life (an annuity)
• Leave it where it is

Or with us you could even mix your options – choose any combination of the above, using different parts of your pot or separate pots.

Let’s take a closer look
In the pages that follow we’ll help you explore these options and highlight the things to consider before making your choice.

Then all you need to do is call us and we’ll chat you through your next steps.
Take the lot

If you’re 55 or over you’ve the option to take your whole pension pot as cash in one go if you wish. A quarter of your pension pot can usually be taken tax-free – the rest will be taxed.

**Why this might appeal**
If you need a sum of money to pay off a debt or even fund some new lifestyle choice.

**Things to consider**
There are risks associated with cashing in your whole pot. For example, you could be landed with a tax bill. By having your entire pension fund taxed in a single year rather than spread across your retirement, it will mean that you’re likely to pay tax at a much higher rate.

You’ll also need to plan how you will secure an income for the rest of your retirement.

Taking a large cash sum could reduce any entitlement you have to state benefits now, or as you grow older. For more information about state benefits, visit: gov.uk/browse/benefits

We recommend you get financial advice before cashing in your whole pot. There may be a cost for this advice. If you don’t already have a financial adviser and would like to seek advice, see our ‘Further support’ section on how to find one in your area.
Take a flexible income

With Standard Life, you’ve also the choice of taking a flexible income often called drawdown. You’ll be able to do any or a combination of the following:

- Change the income you take any time you want.
- Take an ad-hoc cash withdrawal any time you like, up to 25% will be tax free. Leaving the rest of your pension pot invested, giving it that potential to keep on growing.
- Leave a pot for your family to use after you die.
- Buy a fixed income (annuity) for life, anytime, with some or all of your pension.

Why this might appeal

This could be the right option if you want the flexibility to take money out as and when you like and don’t need a regular fixed income.

Opting to take a flexible income from your pension pot means you can adapt your income to meet life’s changes.

It may appeal if you’re comfortable taking some investment risk with your remaining pot.

Things to consider

If you’re not using the services of a financial adviser, taking a flexible income could mean you’d need to be a bit more hands on managing the remaining money in your pension pot.

We can help – just register for our online services, it’s a good and easy way of managing your pension online. See our section on ‘Registering for online services’ for more information.

Taking cash out of your pension reduces your pot with each withdrawal, so you should think about how long you need it to last for. Our pension calculator could also help you work this out, go to standardlife.co.uk/retirementcalculator

All withdrawals barring the 25% tax free cash entitlement will be taxable.

Taking cash lump sums could also reduce your entitlement to benefits now or as you grow older.

The good news is the money in your pot continues to be invested. But remember, with any investment, future growth is never guaranteed, the value of your fund can go down as well as up and you may get back less than you paid in.

If you’re thinking about taking a flexible income, it’s worth comparing the market. Other providers may offer products that are more suitable to your needs and circumstances, and might provide a higher level of income. See our section ‘Shopping around’ for more details.
You can also use your pension savings to buy a fixed income from an annuity provider of your choice, and get money every year for as long as you live – a guaranteed income.

There are a number of different options you can choose from when deciding how you want to take your income.

The most basic annuity is a ‘single life level annuity’. This pays a fixed flat rate income for life.

Taking a 'level' income means it will remain fixed. But as you get older, inflation may increase therefore you can buy less with the same income. With an ‘escalating’ annuity, your income increases over time to keep up with the increasing cost of goods and services, known as inflation. Your income will start at a lower level and will increase by your chosen amount each year.

If you smoke, have high blood pressure, are on prescribed medication or have a medical condition, you may be eligible for an ‘enhanced’ annuity (also known as an ‘impaired’, ‘lifestyle’ or ‘underwritten’ annuity). These tend to pay a higher amount of income on the basis that your life is expected to be shorter and so the income will not be paying out for as long.

On your death your annuity income will typically stop, even if you have received less income than the pension funds used to buy your annuity.

However, if you’d like income payments to continue to be paid to a dependant you can choose a joint life annuity. These provide a slightly lower income initially but payments will continue to your dependant after you die.

It’s also possible to choose a guarantee annuity that allows your income payments continue to be paid for a minimum period (typically 5 or 10 years) in the event of an early death. The balance of any payments due after your death can be paid to your beneficiaries.

You could also consider protecting your annuity payments through ‘Value Protection’. Value protection means that, if you die without having received the full value of your pension fund, a lump sum is returned (minus total gross payments made and tax). As a result, value protection gives the ability to protect up to 100% of your original pension pot.

By taking ‘Value Protection’ the annuity you get will be lower to allow for a lump sum on your death.

**Why this might appeal**

If you want the peace of mind that you won’t run out of money during your retirement.
Things to consider

It’s important to shop around to get the best deal. Once you set up your annuity you won’t be able to change providers, cash it in or add different options. So you have to get the decision right first time. Again, our section ‘Shopping around’ will give you more information on how to do this.

Taking cash or income from your pension can affect your entitlement to means-tested state benefits.

You’ll also need to have all your health and medical information available, including the name of any conditions, medication and dosage. And if adding a spouse, you’ll also need them present and their medical information too. This information will be essential when calling us to discuss this choice.

There’s a lot to consider so it’s worth doing your research first. For help you can get free, impartial, government-backed guidance over the phone or face to face through Pension Wise. For more information on how to contact them, see our ‘Further support’ section.
Your future is full of choices
Leave it where it is

Reaching age 55 or the age you agreed with your pension provider to retire is not a deadline to act.

By choosing to leave it for now:

- You’ll be able to top-up your pension pot by continuing to pay in contributions.
- You’ll get tax relief on any payment you make and if you’re 55 or over you’ll be able to access your money any time.
- You’ll stay invested, giving your pot the opportunity to grow and benefit from potential future, tax-efficient growth.
- You can pass on your remaining pot to anyone you choose, free of inheritance tax. If you die before age 75, this will be completely tax free. If you die after age 75, they’ll be able to access the pension flexibly, at any age, subject to income tax.

Why this might appeal
This option might be appealing if you’re planning to carry on working or have other sources of income.

Things to consider
You need to feel comfortable your other sources of income are sufficient for your needs. If investments performed poorly your pot could fall in value. So it’s important that you regularly review where your money is invested to make sure it’s performing as you expect.

Also check you won’t lose any valuable income guarantees – for example, a guaranteed annuity rate (GAR) – if you delay your retirement age. GAR is a valuable guaranteed income often offered by your own pension scheme or provider if you take a lifetime annuity with them.

If you choose to leave your pension where it is, there’s no need to call us. But you need to be sure you’ve taken into consideration the things we’ve mentioned. We’d also recommend you register for our online services if you’ve not already done so, this will help you keep track of your pension. And check the retirement date on your pension and update if necessary.
Mix your options

You can choose a combination of these options over time or over your total pension pot, whichever suits your needs.

For example, you could normally take a quarter of your pension pot tax-free, use half to buy a guaranteed income for life, and take the remaining quarter as a flexible income.

If you’ve more than one pot, you could use different options for each pot. For example, you could buy a guaranteed income with one pot and receive a flexible retirement income from another pot.

You can choose a guaranteed income with whatever money you’ve left in your pension pot, even if you take a flexible retirement income, taken your tax free cash or a number of lump sums first.

Why this might appeal
An annuity can give you a guaranteed income for life, so you’ll always know how much you have coming in. Income drawdown, however, is more flexible. You can change the amount you take out whenever you need to.

Things to consider
When choosing your options, you need to consider how much income you require now and for the rest of your life. You also need to consider how important it is to you that this income is guaranteed.

If you’ve more than one pot, you might also want to think about bringing them all together. Your options may be more limited by having lots of pots. Having everything in one place can make it easier to monitor especially if you choose a flexible income.

Combining your pensions might not be right for everyone. You need to make sure you won’t lose any valuable benefits or guarantees associated with your other pension, and there’s no guarantee you would get more as a result of transferring your funds. We’d always recommend checking first.

Mixing your options can be complicated and we’d also recommend that you take financial advice if you wish to choose this option. Again, charges may apply for advice.
Shopping around

It’s important that you shop around to find the best deal for you, as you would with any other purchase. We may not offer the option you want or other providers may be able to offer you a better deal, so it’s worth comparing what each provider can offer before you choose. The Pension Wise website provides more information on how to do this at: pensionwise.gov.uk/shop-around

And don’t forget...

Tax and legislation may change; the information here is based on our understanding at time of print. Your own circumstances will have an impact on tax.

Ready to make a choice?

If you feel one of these options might be right for you, the next step is to give us a call. We’ll chat you through your choice in detail. It’s worth noting, this conversation can take up to an hour.

What to do next
Call us on 0800 085 5971. We’re open 9am to 5pm Monday to Friday.
Registering for online services

By registering for our online services, you’ll enjoy the freedom of being able to review and manage your plan online.

You’ll be able to:

• Check how much your plan is worth
• Keep your personal information up to date
• Update beneficiaries
• Get a retirement illustration
• Switch funds (for some products)
• View all your policy information
• Make or increase payments (for some products)
• Make a withdrawal from your pension savings from age 55
• Use our tools and guides

You can also manage your plan on the go by downloading our app, available for iOS and Android devices.

It’s easy to get started and just takes a few minutes. You’ll just need your plan number and access to your email.

Register today at standardlife.co.uk/register

Further support

We recommend customers seek appropriate guidance or advice before they make any decisions. An adviser may charge a fee for this. If you’d like to find an independent financial adviser in your area, then try unbiased.co.uk

You can get free impartial guidance over the phone or face to face with Pension Wise. It offers guidance on the Pension Wise website about the options for taking your pension pot, and can help you understand the tax implications.

Go to pensionwise.gov.uk or call 0800 138 3944.

Money Advice Service also offers free and impartial money advice and a printed guide called ‘Your Pension: it’s time to choose’. Their guide also outlines all of the options for taking your pension pot, you’ll find it on moneyadviceservice.org.uk

Thanks for choosing Standard Life