Protected

Your future is full of choices

Standard Life

Part of Phoenix Group

Planning what to do with your money

A good place to start planning how to use the money in your pension pot 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 pot.

You can:

- Take as one or more lump sums
- Take a flexible income (drawdown)
- Buy a guaranteed income for life (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 as one or more lump sums

If you're 55 or over (rising to 57 in 2028) you've the option to take your whole pension pot 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.

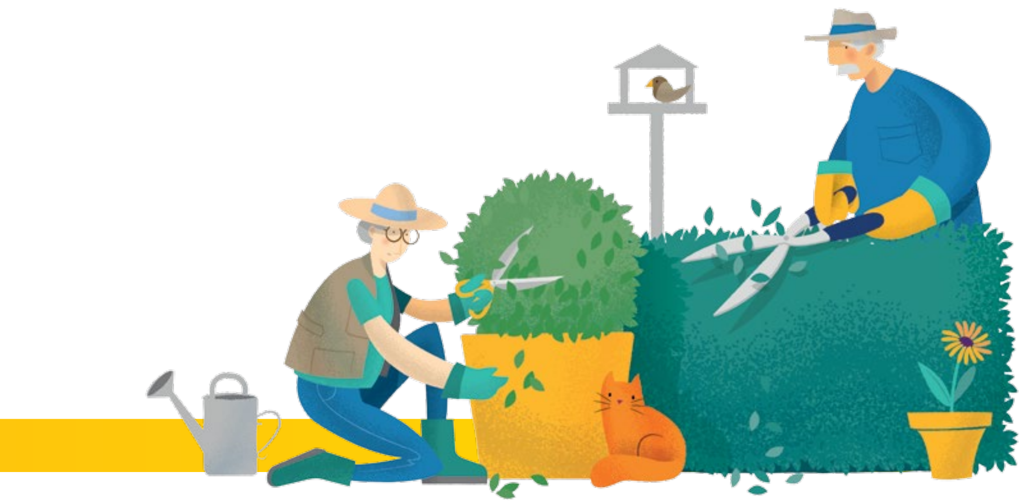
Things to consider

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 pot 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 finance 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 is likely to 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, both level or frequency
- Take an ad-hoc cash withdrawal any time you like, up to 25% will be tax free unless you have used up all of your tax-free allowance. Leave the rest of your pension pot invested, giving it the potential to grow
- You can also fully encash the remainder of your pension pot at any time
- Leave a pot for your beneficiaries to use after you die
- Buy an annuity anytime, with some or all of your pension pot

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 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 plan 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 normally be taxable.

Taking flexible income withdrawals could also reduce your entitlement to state benefits now or as you grow older. Taking flexible income withdrawals also means that you could end up running out of money.

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 what was 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. See our section 'Shopping around' for more details.

Buy a guaranteed income for life (annuity)

You can also use your pension savings to buy a guaranteed income from an annuity provider of your choice, and get money monthly, quarterly, half-yearly and yearly for as long as you live – a guaranteed income for life.

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, prices may increase (inflation) therefore, your income will buy less than before.

With an ‘escalating’ annuity, your income increases over time to help keep up with the increasing cost of goods and services. Your income will start at a lower level and will increase by your chosen amount each year.

You can also choose a Retail Prices Index (RPI) linked annuity which increases or decreases in line with RPI so that your income tracks inflation.

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 from the annuity than you paid in.

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

It’s also possible to choose a guaranteed annuity that allows your income payments to continue to be paid for a minimum period (typically 5 or 10 years) in the event of an early death. The 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 pot, 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.

If you want Value Protection, you'll have to go to another provider.

Why this might appeal

If you want the peace of mind that you won't run out of money during your retirement.

Important 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.

Please remember that once you access your pension pot, future payments in to it will be restricted. This can also affect your entitlement to means tested state benefits. Also, some options may limit what can be paid into a pension plan for you in the future.

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 to provide 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. From age 50 you can also get free impartial guidance from Pension Wise, a service from MoneyHelper. Visit **www.moneyhelper.org.uk/pensionwise** or call 0800 138 3944. MoneyHelper guides are also available at **www.moneyhelper.org.uk**

Leave it where it is

Reaching age 55 (rising to 57 in 2028), or the retirement age you agreed with your pension provider, is not a deadline to act.

By choosing to leave it for now:

- You'll stay invested, giving your pot the opportunity to grow and benefit from potential future, tax-efficient growth. 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 what was paid in.
- You can pass on your remaining pot to anyone you choose, normally free of inheritance tax. If you die before age 75, this will be free of income tax. If you die after age 75, they'll be able to access the pension pot flexibly, at any age, subject to income tax at their marginal rate

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 and you may get back less than what was paid in. 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 plan 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 plan. And check the retirement date on your pension plan and update if necessary.

Mix your options

Remember, you can choose a combination of these options over time to suits your needs.

You can:

- take as one or more lump sums
- buy a guaranteed income for life (annuity)
- take a flexible income (drawdown)
- leave it where it is

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

You can choose an annuity with whatever money you've left in your pension pot, even if you take a flexible 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. 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 are likely to apply for advice.

FSCS Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to provide protection to consumers if authorised financial services firms are unable, or likely to be unable, to meet claims against them. Different limits apply to different types of investment.

You will receive more information on the FSCS compensation scheme when you decide on your options.

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. We recommend you seek appropriate guidance or advice to understand your options at retirement. An adviser is likely to charge a fee for this. From age 50 you can get free impartial guidance from Pension Wise, a service from MoneyHelper.

Pension Wise

Visit **www.moneyhelper.org.uk/pensionwise** or call 0800 138 3944.

You can also get guidance about your retirement options from MoneyHelper. Visit **www.moneyhelper.org.uk**

And don't forget…

Tax rules and legislation may change; the information here is based on our understanding in March 2022. Your own circumstances, including where you live in the UK, 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 so you can tell us what you would like to do. 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**. Call charges will vary.

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 (for some products) from your pension savings from age 55 (rising to 57 in 2028)
- 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

The information provided is not financial advice. We recommend customers seek appropriate guidance or advice before they make any decisions. A financial adviser is likely to charge a fee for this. If you'd like to find an financial adviser in your area, then try **unbiased.co.uk**

From age 50 you can also get free impartial guidance from Pension Wise, a service from MoneyHelper. Visit **www.moneyhelper.org.uk/pensionwise** or call 0800 138 3944. MoneyHelper guides are also available at **www.moneyhelper.org.uk**

Thanks for choosing Standard Life

www.standardlife.co.uk

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