Your options at retirement

People's Partnership

How you can take your pension savings with us

People's Partnership products include:

The People's Pension
Lump Sum Retirement Benefit (LSRB)
Additional Voluntary Contributions (AVCs, EAVCs)

Profit for people

What this booklet does and doesn’t do

This booklet doesn’t give you advice or guidance. Instead, it tells you about your options at retirement.

Please don’t regard it as an authoritative statement of the law or the only basis for your retirement planning.

Different providers offer different retirement options. These vary in features, rates of payment, tax implications and charges. Any charges can affect the money you receive. So, when you’re deciding what to do with your pension savings, check whether providers make ongoing charges or other reductions to your pension pot.

How you can take your pension savings with us

Your guide to how you can take your pension savings from the normal minimum pension age.

Help with your choices

Pension Wise is a free, impartial service that can give you guidance on your options if you're aged 50 or over. Find out more at **pensionwise.gov.uk/about** or call **0800 138 3944** to book a telephone or face-to-face appointment.

Please also see page 21 for more information about guidance and where to get advice on your options.

More information

You should also read

- 'Your pension: your choices', written by MoneyHelper – in-depth information on the full range of options the law allows.
- The Pensions Regulator's website on avoiding pension scams. Visit: **thepensionsregulator.gov.uk/pension-scams**
  You can also find more information at **thepeoplespension.co.uk/how-to-avoid-pension-scams**

How to take your pension savings

Over the years, we've offered a few different pension schemes. Before you reach your selected retirement age, we'll let you know which pension benefits you have with us.

Wherever your pension savings are, you'll usually be able to access the option you want:

- HMRC has certain restrictions, though.
- For some options you may need to transfer your pension pot to The People's Pension or another provider.
- For each option, we'll let you know what's possible.

Countdown to your retirement

1. Find statements for all your pensions. We may need some details of each of them for you to be able to take your savings. Visit the government's online pension tracing service for help tracking down any lost pension details at **gov.uk/find-lost-pension**
2. More than one pension? To make them easier to manage, you could see if you can combine them into a single pension pot. Visit **thepeoplespension.co.uk/transfer-other-pensions** for more information.
3. How much will you get? Get valuations from any providers you're with.
4. Checked your State Pension? Go to **gov.uk/check-state-pension**
5. Chosen a beneficiary in case you die? Find out more on page 23.
6. Find out more about retirement planning: **thepeoplespension.co.uk/retire-plan**
7. Take a look at our online calculators for help with planning for retirement. Visit: **thepeoplespension.co.uk/calculators**
8. Get free impartial guidance from Pension Wise at **pensionwise.gov.uk/about**
9. Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning. Try **unbiased.co.uk** or through MoneyHelper – see page 21. A financial adviser may charge for any help or advice they give.
10. Watch our short video on how you can take your pension savings at **thepeoplespension.co.uk/take-pension**

1. Keep your pension savings invested for longer

Delay taking your pension savings

If you don't want to take your pension savings yet, you can leave them invested by moving back your selected retirement age:

- That way your pension savings will have the chance to grow further.
- But the value could go down as well as up.

Important to note – moving back your selected retirement age could affect where your pension savings are invested because they could be moved into higher-risk or lower-risk investments, on what's called a glidepath.

A glidepath is an automatic process that moves your pension savings into more secure investments as you approach retirement. This applies to any pension savings you have in one of the 3 investment profiles with The People's Pension. The investment profiles are called 'adventurous', 'balanced' and 'cautious'. There's no glidepath if you have chosen (self-selected) your own investment funds from the range available.

How to delay taking your pension savings

For The People's Pension, log in at **peoplespartnership.co.uk/accountonline**

Otherwise, contact us on **0333 2301 374**.

How you'll be taxed

It may be more tax efficient to keep your savings invested for longer.

Give your pension pot the chance to grow further

Make your investment choices

The People's Pension has a range of investment options you can choose from.

If you haven't made an investment choice, we'll put your pension savings into the 'balanced' investment profile. Then as you approach retirement, we'll gradually move them into lower-risk investments.

You can make your own investment choices in your account at **peoplespartnership.co.uk/accountonline**

Can we help you save money?

If you have several pensions with different providers, you may be able to combine them into one pension pot in your account with The People's Pension, at no charge from us. This could make it easier to keep track of your pension savings.

Visit **thepeoplespension.co.uk/transfer-other-pensions** for more information.

Should you continue saving into your pension?

- You'll need to think about whether you'll have enough money to live on for the rest of your life.
- Find out more about keeping your pension pot where it is now at **thepeoplespension.co.uk/keeping-your-pension-pot-where-it-is**
- Use our retirement planner to discover if you're on track to live the retirement you want. Access your account: **thepeoplespension.co.uk/accountonline**
- Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning at **unbiased.co.uk** or through MoneyHelper – see page 21. You can also visit **thepeoplespension.co.uk/guidanceandadvice** for more information.

2. Take your pension pot all in one go

How to take a pension pot of £10,000 or less as cash

If you have £10,000 or less in a pension pot, you may be able to take it as a small pot lump sum.

Taking a small pot lump sum with People's Partnership

- You can take any number of occupational pension pots, like The People's Pension, as small pot lump sums.
- You can take up to 3 personal pension pots in your lifetime.

How to take your pension savings

For pension savings with The People's Pension of £10,000 or less, the quickest and most convenient way to take your money is through your account. Visit **thepeoplespension.co.uk/take-pension** for help with this and to check what details you'll need. If you're unable to access the internet, you can call us on **0333 2301 373**.

Will taking my money affect how much I'm charged?

When you take out your money, we don't make a charge. If you withdraw all your money, you'll no longer pay any charges or receive a rebate on the management charge. Visit **thepeoplespension.co.uk/charge** for more information.

To find out exactly how much you're being charged, please log into your account at **thepeoplespension.co.uk/accessaccount** and go to 'Manage my pension', followed by 'Charges'.

How you'll be taxed

The first 25% is tax free, but the other 75% is taxable at the marginal rate you pay (or perhaps think of this as a ¼ tax free and ¾ taxable). The taxable part of your savings will be paid to you minus the tax deducted, based on the tax code we hold for you. If we don't have one, we'll use an emergency tax code.

If you have other income as well as the amount you cash in, this could push you into a higher tax band with a higher tax charge. It could also affect any means-tested state benefits you receive.

Visit **thepeoplespension.co.uk/pension-savings-tax** to find out more on how your pension savings are taxed.

Are you suffering from ill health?

If you're retiring due to ill health, you may be able to access your pension savings before your normal minimum pension age. If your life expectancy is less than a year and you're under 75, you may be able to take all your pension savings as a tax-free lump sum. Over-75s are taxed at their marginal rate.

Contact us on **0333 2301 374** to check HMRC conditions for these options and how to access your pension savings.

Be careful – you could get a large tax bill

Taking a pension pot of more than £10,000

If you have more than £10,000 in your pension pot, you could take the whole lot as a single lump sum. You might also hear this called a single uncrystallised funds pension lump sum or single UFPLS.

How you'll be taxed

With this option, usually the first 25% will be tax free. The other 75% is taxable at the marginal rate you pay (you could also think of this as a ¼ tax free and ¾ taxable). After this, the amount you can save into a pension pot and can receive tax relief on will be reduced.

Taking large cash sums from your pension savings could move you into a higher tax band and give you a large tax bill – especially if you have other income on top. So it's likely the cash you end up with will be much less than you take out.

How to take your pension savings

For pension savings with The People's Pension, the quickest and most convenient way to take your money is through your account. Visit **thepeoplespension.co.uk/take-pension** for help with this and to check what details you'll need. If you're unable to access the internet, you can call us on **0333 2301 373**.

Will taking my money affect how much I'm charged?

When you take out your money, we don't make a charge. If you withdraw all your money, you'll no longer pay any charges or receive a rebate on the management charge. Visit **thepeoplespension.co.uk/charge** for more information.

To find out exactly how much you're being charged, please log into your account at **thepeoplespension.co.uk/accessaccount** and go to 'Manage my pension', followed by 'Charges'.

Are you suffering from ill health?

If you're retiring due to ill health, you may be able to access your pension savings before your normal minimum pension age. However, with People's Partnership you cannot currently take pension savings that are over £10,000. Instead, you'd need to consider transferring to another provider who allows this. Over-75s are taxed at their marginal rate.

Contact us on **0333 2301 374** to check HMRC conditions for this option and how to access your pension savings.

Is taking your pension pot all in one go right for you?

- We may not be able to pay you a small pot lump sum in all cases. HMRC rules on payments are complex. We'll let you know if we can't pay you a small pot lump sum for any reason and we'll give you more details about your options.
- Remember, your pension pots are meant to give you an income during your retirement. Cashing them in could leave you with a large tax bill and only the State Pension to live on. It could also affect any means-tested state benefits you receive. Visit Age UK's website at **ageuk.org.uk** to find out more.
- Cashing in a pension pot of £10,000 or less may mean you can't pay into that pension scheme any more. If you cash in a pension pot of more than £10,000 the amount you can save into a pension pot and receive tax relief on will be reduced. This is known as the money purchase annual allowance – see page 22.
- If you pay back some or all of your lump sum to a registered pension scheme, there may be tax and other charges to consider.
- If your pension pots with different providers total more than £10,000, you might be able to combine them into one pension pot, and then take your pension savings all in one go as a single lump sum or a bit at a time (pages 11 to 15).
- You can find out more on taking your pension pot as a single lump sum. Visit: **thepeoplespension.co.uk/taking-your-pension-pot-in-one-go**
- Use our retirement planner to discover if you're on track to live the retirement you want. Access your account: **thepeoplespension.co.uk/accountonline**
- Get free impartial guidance from Pension Wise at **pensionwise.gov.uk/about**
- Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning. Try **unbiased.co.uk** or through MoneyHelper – see page 21. You can also visit **thepeoplespension.co.uk/guidanceandadvice** for more information.

Consider combining your pension savings

The amount you have in your pension pot affects which options you can take your money through. So by combining your pension savings into one, you could widen the options available to you.

Visit **thepeoplespension.co.uk/transfer-other-pensions** to find out what else you should consider before transferring.

This is not a recommendation from People's Partnership to transfer your pension savings. The Trustee of The People's Pension and People's Administration Services Limited (who administer the scheme) cannot offer advice on whether or not you should transfer.

3. Take your money a bit at a time – flexible lump sums

If you have more than £10,000 in your pension pot, there are 2 ways to take your money out a bit at a time, depending on how you want to take your tax-free cash. Option 1 lets you take your tax-free cash up front either in chunks or in one lump sum. Option 2 lets you spread your tax-free cash across all withdrawals.

Option 1 – Take your tax-free cash up front (with The People's Pension only) (known as flexi-access drawdown)

Different providers have different rules about 'flexi-access drawdown'. Some providers offer a retirement income plan that includes regular payments put into your bank account by direct credit. But as these payments reach you automatically, your money could run out without you even realising it.

With The People's Pension, you can check what you're taking out by using your account. You just have to log in and request the amount you'd like each time. So this can help you make better decisions about what to take out and how long your money needs to last.

To start, you need to have more than £10,000 in your pension pot. Up to 25% of your pension pot can normally be taken as tax-free cash. You can take your tax-free cash in chunks or in one go. (Depending on your personal circumstances, you may be able to take more than 25%.)

Under HMRC rules, for every £1 you take as tax-free cash, £3 of your remaining pension savings would be moved into a flexi-access drawdown account with The People's Pension. Then each time you take money out of that account, you'll pay tax on the full amount of each lump sum.

With this option, the following would then apply:

- You must take at least £200 each time you take a lump sum from your flexi-access drawdown account.
- You can take one lump sum a tax month. For example, from 6 May to 5 June.
- We don't charge you for taking lump sums.
- The investment profile or funds you have already selected for your pension pot will also apply to your flexi-access drawdown account. It's important that you regularly review how your money is invested to ensure this selection is still right for you.
- If you have chosen who you'd like us to consider paying your pension pot to if you die, we'll also keep your choice in mind for your flexi-access drawdown account.
- You can still make contributions to The People's Pension, but these won't join the money you already have in your flexi-access drawdown account. If you'd like to use future contributions for flexi-access drawdown, you need to build up a further pension pot of at least £2,000.
- When you're left with an amount that's less than £200 in your flexi-access drawdown account, you can request a final withdrawal of what's left. This will be taxed like your other lump-sum withdrawals. If your pension pot with The People's Pension is empty after this final withdrawal, your flexi-access drawdown account will be closed.
- At any time, you can choose to use any remaining money in your flexi-access drawdown account to buy an annuity, or transfer it to another flexi-access drawdown provider.

How to take your pension savings

For pension savings with The People's Pension, the quickest and most convenient way to take your money is through your account. Visit **thepeoplespension.co.uk/take-pension** for help with this and to check what details you'll need. If you're unable to access the internet, you can call us on **0333 2301 373**.

Will taking my money affect how much I'm charged?

When you take out your money, we don't make a charge. If you take part of your money out, the management charge and any future rebates on it will be worked out on the value of your remaining savings. Visit **thepeoplespension.co.uk/charge** for more information.

To find out exactly how much you're being charged, please log into your account at **thepeoplespension.co.uk/accessaccount** and go to 'Manage my pension', followed by 'Charges'.

Not with The People's Pension?

You have the option to transfer to The People's Pension or another provider who offers flexi-access drawdown.

How you'll be taxed

When you decide to take your tax-free cash up front, you can normally take up to 25% of your pension pot (or any higher cash entitlement you may have) tax-free in chunks or as one lump sum.

For every £1 you take as tax-free cash, £3 of your pension pot goes into a flexi-access drawdown account. Then, each time you take money out of that account, you'll pay tax on the full amount of each lump sum, at the marginal rate you pay. So it's likely the cash you get will be less than the amount you take from your account.

To find out more on how your pension savings are taxed, visit **thepeoplespension.co.uk/pension-savings-tax**

Are you suffering from ill health?

Ilf you're retiring due to ill health, you may be able to access your pension savings before your normal minimum pension age. However, with People's Partnership you cannot currently take pension savings that are over £10,000. Instead, you'd need to consider transferring to another provider who allows this. Over-75s are taxed at their marginal rate.

Contact us on **0333 2301 374** to check HMRC conditions for this option and how to access your pension savings.

Options to take your money out a bit at a time

Is flexi-access drawdown right for you?

- Taking your tax-free cash up front does not trigger your money purchase annual allowance. But after your first withdrawal from your flexi-access drawdown account, you'll have a reduced money purchase annual allowance in that tax year and any future tax years. This will apply to any future savings made into a defined contribution pension, like The People's Pension – see page 22.
- Taking lump sums from your flexi-access drawdown account now will reduce how much you'll have in the future. Keep an eye on your investments to make sure they'll still meet your needs for the future.
- There are HMRC rules about paying back your tax-free cash to another registered pension scheme. If you pay your lump sum back into a registered pension scheme, there may be tax and other charges to consider.
- It could also affect any means-tested benefits you have. Find out more about how your benefits are means-tested on Age UK's website at **ageuk.org.uk**
- Visit our website for more about flexi-access drawdown at **thepeoplespension.co.uk/tax-free-cash-upfront**
- Use our retirement planner to discover if you're on track to live the retirement you want. Access your account: **thepeoplespension.co.uk/accountonline**
- It might be worth getting guidance from Pension Wise. To find out more visit **pensionwise.gov.uk/about**
- Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning. Try **unbiased.co.uk** or through MoneyHelper – see page 21. For more information you can also visit **thepeoplespension.co.uk/guidanceandadvice**
- If you have a protected tax-free cash entitlement that allows you to take more than 25% of your savings as tax-free cash, you may lose this protection if you decide to take your tax-free cash a bit at a time.

Option 2 – Spread your tax-free cash across all withdrawals
(known by HMRC as uncrystallised funds pension lump sums, or UFPLS)

If you have more than £10,000 in your pension pot, you could:

- take out your pension savings a bit at a time, or
- take out your whole pension pot in one go, but there could be big tax charges and other implications (more on page 9).

It may be more tax efficient to take out your money gradually, leaving the rest invested. With this option, each time you take money from your pension pot, usually 25% of it is tax free and you pay tax on the other 75% of each lump sum (or perhaps think of this as a ¼ tax free and the other ¾ taxable each time you take a lump sum). For an example visit **thepeoplespension.co.uk/pension-savings-tax**

You can take out your pension savings gradually from The People's Pension. With this pension scheme, you would need more than £10,000 in your pension pot to take a lump sum for the first time. After this, the following would apply:

- Each lump sum you take must be £2,000 or more.
- You can take one lump sum a tax month. For example, from 6 May to 5 June.
- We don't charge you for taking lump sums.
- Under The People's Pension, when you're left with a pension pot of less than £2,000, you can request a final lump sum. This will usually be taxed just like the other lump sums you have taken.
- At any time, you can choose to take a different retirement option with any remaining money in your pension pot or transfer it to another provider.

How to take your pension savings

For pension savings with The People's Pension, the quickest and most convenient way to take your money is through your account. Visit **thepeoplespension.co.uk/take-pension** for help with this and to check what details you'll need. If you're unable to access the internet, you can call us on **0333 2301 373**.

If you have pension savings in a different scheme, you have the option to transfer your pension savings to The People's Pension. Alternatively, you have the option to transfer them to another provider who also offers flexible lump sums.

Will taking my money affect how much I'm charged?

When you take out your money, we don't make a charge. If you take part of your money out, the management charge and any future rebates on it will be worked out on the value of your remaining savings – and you'll still pay the annual charge. Visit **thepeoplespension.co.uk/charge** for more information.

To find out exactly how much you're being charged, please log into your account at **thepeoplespension.co.uk/accessaccount** and go to 'Manage my pension', followed by 'Charges'.

How you'll be taxed

Usually, the first 25% of each lump sum you take is tax free. But the remaining 75% of each amount is taxable, as if it were income, at the marginal rate you pay. Taking large cash sums could move you into a higher tax band and give you a large tax bill – especially if you have other income on top.

To find out more on how your pension savings are taxed, visit **thepeoplespension.co.uk/pension-savings-tax**

Are you suffering from ill health?

If you're retiring due to ill health, you may be able to access your pension savings before your normal minimum pension age. However, with People's Partnership you cannot currently take pension savings that are over £10,000. Instead, you'd need to consider transferring to another provider who allows this. Over-75s are taxed at their marginal rate.

Contact us on **0333 2301 374** to check HMRC conditions for this option and how to access your pension savings.

Is taking your pension pot gradually right for you?

- If you take a flexible lump sum, you'll be subject to a reduced money purchase annual allowance for future pension saving. This affects how much you can save in your pension pot – see page 22.
- We may not be able to pay lump sums in all cases, due to HMRC rules.
- Consider your personal tax circumstances and how much tax you'll pay on lump sums. It could also affect any means-tested state benefits you receive.
- Cashing in a pension pot may mean you can't pay into that pension scheme any more.
- If you pay back your lump sum to a registered pension scheme, there may be tax and other charges to consider. Find out more on Age UK's website at **ageuk.org.uk**
- For more on taking your pension savings a bit at a time. Visit: **thepeoplespension.co.uk/spread-tax-free-cash**
- Use our retirement planner to discover if you're on track to live the retirement you want. Access your account: **thepeoplespension.co.uk/accountonline**
- Get free impartial guidance from Pension Wise. Visit: **pensionwise.gov.uk/about**
- Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning. Try **unbiased.co.uk** or through MoneyHelper – see page 21. You can also visit **thepeoplespension.co.uk/guidanceandadvice** for more information.

4. Buy a guaranteed income – known as an annuity

There are many kinds of annuity that pay you a guaranteed income, but they may have other features too. You can shop around to find one that's right for you. This is known as using the open market option:

- Ask annuity providers for illustrations of how much income you'll get.
- The amount will depend on your circumstances, your pension savings, annuity rates and the kind of guaranteed income you want.
- Features include inflation proofing, lifelong income and income for partners.
- You can normally take up to 25% of your pension pot as tax-free cash. (Depending on your personal circumstances, you may be able to take more than 25%.)

We don't offer a guaranteed income option, but we can help you transfer to a provider who does. You can shop around to find one that's right for you.

How to buy a guaranteed income

You can start your transfer from The People's Pension to another provider at **peoplespartnership.co.uk/accountonline** otherwise, you can contact us on **0333 2301 374**.

Will taking my money affect how much I'm charged?

When you take out your money, we don't make a charge. If you withdraw all your money, you'll no longer pay any charges or receive a rebate on the management charge. Visit **thepeoplespension.co.uk/charge** for more information.

To find out exactly how much you're being charged, please log into your account at **thepeoplespension.co.uk/accessaccount** and go to 'Manage my pension', followed by 'Charges'.

How you'll be taxed

You can normally take up to 25% of your pension pot as tax-free cash and use the rest to buy an annuity to pay you a guaranteed regular income. Income from an annuity is taxable at the marginal rate you pay. You might think of this as a ¼ of your pension pot being tax free and the other ¾ buying an annuity.

Find out more about tax on our website at **thepeoplespension.co.uk/pension-savings-tax**

Buy a guaranteed income – often for life

Are you in poor health?

If you're in poor health or overweight, or your lifestyle (smoking, drinking) is expected to lead to a reduced life expectancy, make sure you tell the annuity provider, as you may get a better rate.

Is a guaranteed income right for you?

- Once you buy a guaranteed income, you normally can't change your mind, so take your time and shop around to find one that's right for you.
- A small pension pot may not be enough to buy a guaranteed income, but you may be able to combine different pension pots to buy a guaranteed income.
- Visit our website for more about buying a guaranteed income at **thepeoplespension.co.uk/buying-a-guaranteed-income**
- Use our retirement planner to discover if you're on track to live the retirement you want. Access your account: **thepeoplespension.co.uk/accountonline**
- It might be worth getting guidance from Pension Wise. To find out more, visit **pensionwise.gov.uk/about**
- Talk to your financial adviser – and/or find a financial adviser specialising in retirement planning. Try **unbiased.co.uk** or through MoneyHelper – see page 21. For more information, you can also visit **thepeoplespension.co.uk/guidanceandadvice**

Have you worked in the construction industry?

Lump Sum Retirement Benefit (LSRB)

LSRB is an old pension scheme set up for people who worked in the construction industry. It's closed to new members, but still pays out to anyone who built up savings in the scheme:

- We'll let you know if you have LSRB.
- It's normally paid as a tax-free lump sum when you're 65.

Additional contributions

It was possible for you or your employer to add extra contributions to your LSRB pension pot.

These are known as:

- LSRB Additional Voluntary Contributions (AVCs)
- LSRB Employer's Additional Voluntary Contributions (EAVCs)

These are normally paid out to you alongside your LSRB.

EAVCs are normally paid as a tax-free lump sum when you're 65. You may be able to include AVCs in your tax-free lump sum (subject to HMRC rules), if you started paying into them before 8 April 1987.

Or you can transfer the total of your AVCs and EAVCs to another pension scheme or provider – including The People's Pension – so that you can choose one of the other options in this booklet.

How to take LSRB/additional contributions

If you're eligible to take LSRB or additional contributions, or you'd like to use the additional contributions in another way, get in touch to ask for a form.

Or if you have any other pension schemes with us, you may be able to take LSRB at the same time. Contact us on **0333 2301 374**.

Early retirement

If you retire aged 60-65, you can claim your LSRB early, but at a reduced rate.

Are you suffering from ill health?

If you retire aged 50-65 due to ill health, you may be able to take your LSRB early at a reduced rate.

If you retire at any age because you're permanently incapable of working, your LSRB won't be reduced for early payment.

Contact us on **0333 2301 374** if you think you're eligible to take LSRB or additional contributions early on ill-health grounds. Satisfactory medical evidence will be needed.

A few extra things to think about

Will you continue working and contributing into a pension?

If you continue working and plan to take money from your pension pot while also continuing to save, there's something you need to think about.

The annual allowance and the money purchase annual allowance (MPAA)

There's a limit to the amount of money you can save into your pension pot(s) each tax year and get tax relief on. This is called the annual allowance. For the 2024/25 tax year, it's £60,000.

When you start taking money from your pension savings, this annual allowance could go down, depending on which option you choose. This reduced allowance is known as the money purchase annual allowance (MPAA) and is currently £10,000.

And if at any time your contributions go over the allowance, you may need to pay a tax charge. Find out more on working out your allowance at **gov.uk/guidance/work-out-your-allowances-if-youve-flexibly-accessed-your-pension**

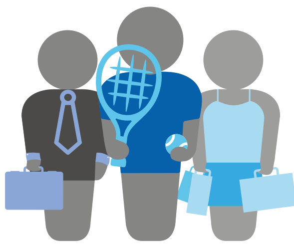
Your allowance applies across all your pension pots and schemes, and includes all the contributions you and your employer (or anyone else) pays into your pension, as well as any tax relief that's added by the government.

Take a look at our website for more about continuing to save after taking money from your pension pot. Visit: **thepeoplespension.co.uk/continuing-to-work-and-save**

Retirement scenarios

Deciding what retirement options to take can be tricky. But whether you decide to retire completely, take part of your pension pot and/or continue contributing into your pension – you have options.

Meet Karishma, James and Niki in our retirement scenarios on our website and find out more about how their personal circumstances affect their retirement options. Visit: **thepeoplespension.co.uk/retirement-scenarios**



Before taking your pension pot, there's a range of things you need to think about based on your personal circumstances. For example, having enough money to live on, tax charges, finding the best deal and being alert to pension scams.

Guidance and advice

It's a good idea to get some guidance and advice, as well as doing your own research.

Choosing what to do with your pension savings is a big decision. You can often get more for your money by shopping around. You may need some help – either in the form of guidance or professional advice.

At a glance: guidance and advice

Guidance

- Get information about the options available to you.
- Contact Pension Wise – a free and impartial government service.

Advice

- Get personalised, expert help on making the most of your pension savings.
- Talk to a financial adviser about making the right decision for you.

You'll find more about ways to get guidance or advice on our website. Visit:
thepeoplespension.co.uk/guidanceandadvice

Explore your retirement options

1. **Do your homework** – gather all the facts about your pension savings, how much you have, and the ways you can take your money.
2. **Get free guidance** – learn more about the basics of your options at retirement. Contact Pension Wise at **pensionwise.gov.uk/about** – it's a free and impartial government service for guidance on your options.
3. **Consider getting advice** – a financial adviser could help. You can speak to your financial adviser or find a financial adviser at **unbiased.co.uk** or through MoneyHelper at **moneyhelper.org.uk** – though please note that financial advisers may charge for their service.
4. **Make sure you understand the tax implications** – know the tax implications of each option. Visit our website for your options with us and their tax implications at **thepeoplespension.co.uk/your-choices-at-retirement**

You'll find more about ways to get guidance or advice on our website at **thepeoplespension.co.uk/guidanceandadvice**

Jargon buster

annual allowance

The amount you can save into your pension pot and receive tax relief on. You can receive tax relief on 100% of your relevant UK earnings (up to the annual allowance), or £3,600 gross, whichever is higher.

The annual allowance limit for the 2024/25 tax year is £60,000. This limit includes all the contributions that you and your employer (or anyone else) pays into your pension, as well as any tax relief that's added by the government. Contributions over this limit may be subject to a tax charge, known as the annual allowance charge.

Generally, if your income (including pension contributions from you and your employer) is £260,000 or less (for the 2024/25 tax year), your annual allowance limit will be £60,000. But, generally, if this income is over £260,000, your annual allowance (for the 2024/25 tax year) will reduce on a tapered basis. So, for every £2 of 'adjusted income' (your annual income before tax plus the value of your own and any employer pension contributions) above £260,000, your annual allowance will reduce by £1. The maximum reduction is £50,000 – so anyone with an income of £360,000 or more will have an annual allowance of £10,000. These numbers can be different in other tax years. Tapering does not apply to the money purchase annual allowance.

If you have to pay an annual allowance charge, you may be able to reduce the charge by using any leftover annual allowance from the 3 previous tax years (but this does not apply to the money purchase annual allowance). You can also ask your pension provider to use some of your pension savings to pay the charge.

Money purchase annual allowance: If you take flexible lump sums from your pension savings, you'll be subject to a reduced money purchase annual allowance (MPAA) of £10,000 for future savings made into defined contribution pension schemes, like The People's Pension. If you spread your tax-free cash across all withdrawals (as one or more UFPLSs – uncrystallised funds pension lump sums), the MPAA will be triggered automatically when you take your first lump sum. If you take your tax-free cash up front (through flexi-access drawdown), it will be triggered when you start taking withdrawals from your flexi-access drawdown account. It won't be triggered when you take your tax-free cash up front. Your pension provider will let you know if the MPAA applies to you. Within 91 days of this notification, you'll have to tell any other pension providers you're with that you have flexibly accessed your pension pot, and on what date you did so.

You can see more jargon terms explained in our online jargon buster at **thepeoplespension.co.uk/jargon-buster**

annuity – pages 16-17

A guaranteed regular income you can buy with your pension savings. It usually pays you an income for the rest of your life, although some annuities pay for a shorter period.

You can normally take 25% of your pension pot as tax-free cash, and then use the rest to buy an annuity that gives you a guaranteed regular income. For an annuity, income will be taxable at the marginal rate you pay.

Example

- If you take a £20,000 pension pot, you normally get £5,000 as a tax-free lump sum.
- That leaves £15,000 to buy your annuity income. If you get, say, £600 a year taxed at 20% that leaves you £480 a year.

There's a wide range of annuities available with different rates and features. You can shop around, using what's known as the open market option – meaning you can contact different annuity providers for illustrations of how much income you could get – to find one that works best for your personal circumstances.

If your health or lifestyle is expected to reduce your life expectancy, you could qualify for an enhanced annuity and receive a better income than someone without those problems.

Use MoneyHelper's tool to get an example of the amount you could get as an annuity. Visit: **comparison.moneyhelper.org.uk/en/tools/annuities**

beneficiary

A beneficiary is someone you nominate for consideration to receive a lump sum if you die before you have taken all your pension savings. You can nominate to leave your money to a loved one, several people, a charity and/or a company. You can also request what percentage goes to whom. The lump sum is paid on a discretionary basis, so usually isn't subject to inheritance tax.

If you die before you're 75, your beneficiaries can normally receive your remaining pension pot in The People's Pension as tax-free cash – such as if they provide all the relevant paperwork within two years of notifying us of your death. If you die after you're 75, your beneficiaries will have to pay tax on any cash sums paid at the marginal rate they pay.

defined contribution pension

A pension that you and/or your employer contribute to – like The People's Pension. This money is invested to build up a pension pot you can use to get a retirement income. How much you get depends on factors like the amount paid in, charges, investment performance and how you take your pension savings when you retire.

flexi-access drawdown – pages 11-15

A flexible way to access your pension with schemes like The People's Pension and take your tax-free cash up front, either in chunks or as one lump sum. Under HMRC rules, for every £1 you take as tax-free cash, £3 will be moved to a flexi-access drawdown account. Then, each time you take money from your flexi-access drawdown account, you'll pay tax on the full amount of each lump sum at the marginal rate you pay. As your money in your account remains invested, the value of your account can go up and down.

flexible lump sums – pages 13-15

Available if you have more than £10,000 in your pension pot.

With us, there are 2 options for taking your pension pot as a flexible lump sum. With both, usually you'll get 25% of your pension pot tax free, and you'll pay tax on the remaining 75% of it at the marginal rate you pay.

For more information on how you're taxed when taking a flexible lump sum, visit **thepeoplespension.co.uk/flexible-lump-sums/tax**

With the first option, you take your tax-free cash up front in chunks or in one go. You might hear this called flexi-access drawdown.

The second option lets you spread your tax-free cash across all withdrawals. You might hear this called uncrystallised funds pension lump sum (or UFPLS).

glidepath

A glidepath gradually and automatically moves your pension savings into lower-risk investments as you get closer to your retirement age. This means they are less likely to suffer a large fall in value just when you want to use them.

HMRC

HM Revenue & Customs.

ill health

Being physically or mentally incapable of continuing your occupation, and you have stopped working. It means you can take your pension savings earlier than your normal minimum pension age. If you have Lump Sum Retirement Benefit savings, different criteria apply (see page 19).

If you're suffering from serious ill health (a life expectancy of less than 12 months), you may be able to receive your entire pension pot as a lump sum tax free, subject to certain conditions.

Satisfactory medical evidence will need to be provided.

illustration

An estimate of how much income you could get if you use your pension savings to buy a guaranteed income (known as an annuity).

Lifetime allowance (LTA)

Between 2006 and 2024 there was a maximum amount an individual could save in their pensions in a tax efficient way, known as the 'lifetime allowance' or 'LTA'. The LTA was abolished on 6 April 2024 when 3 new allowances came into effect:

- Lump sum allowance
- Lump sum and death benefit allowance
- Overseas transfer allowance

lifetime allowance protection

There are different kinds of lifetime allowance protection. For example, over the years, the lifetime allowance has been cut several times (it's been reduced in stages from £1.8m to £1,073,100). Every time it's been reduced, the government has allowed some savers to 'protect' their pension at the level of the previous higher allowance or their total level of pension savings. You may see this referred to as 'transitional protection'.

You should let us know if you have registered with HMRC for any of the following:

- Fixed protection
- Individual protection
- Primary protection
- Enhanced protection
- Lifetime allowance enhancement (for example, a pension credit or overseas transfer enhancement)

More information on these protections can be found on HMRC's website. Visit: **gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm091000**

Lump sum allowance (LSA)

The LSA is the maximum amount you can normally take as a tax-free lump sum from all your pensions. The LSA is currently £268,275. Any lump sums paid over the limit will be taxed at your marginal rate.

Lump sum and death benefit allowance (LSDBA)

The LSDBA is the maximum amount of lump sums that can normally be paid to you in a tax-efficient way during your lifetime and in addition, covers lump sum payments when you die, or if you're suffering from a terminal illness. The LSDBA is currently £1,073,100. Once you've used up all your LSDBA, any further withdrawals would be fully taxed.

marginal rate of tax

Income tax is split into bands and you pay different rates on earnings that fall into each band. The bands and the level of earnings related to each varies depending on where in the UK you live. Visit HMRC's website for more information: **gov.uk/income-tax-rates**

normal minimum pension age (NMPA)

This is the minimum age at which you can normally access your pension pot without incurring an unauthorised payments tax charge.

The government has announced that the NMPA would rise from 55 to 57 from 6 April 2028. However, there may be exceptions for schemes with a protected pension age such as The People's Pension – find out more at **thepeoplespension.co.uk/minimum-pension-age-change**

If you reach age 57 before 6 April 2028, these new rules do not affect you and you can still take your pension savings from age 55.

open market option – pages 16-17

This describes your freedom to shop around for a retirement income that suits you. If you want an income while leaving some of your pension pot invested, you could choose a flexi-access drawdown product or a UFPLS. Or you could get a guaranteed regular income by using your pension savings to buy an annuity. Different providers offer different rates, so you could shop around to find the one that's right for you – like you do for your car or home insurance.

Overseas transfer allowance (OTA)

The OTA is the maximum amount that you can normally transfer to a non-UK pension scheme before incurring a tax charge on the excess. The OTA is currently £1,073,100. Any transfer amounts paid over the OTA will be taxed at 25% through the overseas transfer charge (OTC).

pension commencement lump sum (PCLS)

When you access your pension savings and start drawing an income, such as with an annuity or via flexi-access drawdown, you can often take some of your savings tax free.

This lump sum is called a pension commencement lump sum and is often referred to as ‘tax-free cash’. You can normally take up to 25% of your pension pot as tax-free cash up to a maximum of £268,275 unless you hold a protection for a higher amount.

Pension Wise

A free impartial service backed by the government, offering guidance about what to do with your pension savings. You cannot access your pension savings until the normal minimum pension age (unless due to ill health), but you can still contact Pension Wise for guidance when you’re 50 or older. Visit: **pensionwise.gov.uk/about**

small pot lump sum – page 8

A pension pot of £10,000 or less you can take as a single cash lump sum without affecting your annual allowance. You can take up to 3 personal pension pots as small pot lump sum payments in your lifetime. There’s no limit on the number of occupational pension scheme pots, like The People’s Pension, you can take.

uncrystallised funds pension lump sum (UFPLS) – pages 13-15

This is HMRC’s technical term for a flexible way to access your pension savings by taking one or more cash lump sums. This option is available under The People’s Pension.

Usually, the first 25% of each UFPLS payment you take is tax free. But the remaining 75% of each amount is taxable, as if it were income, at the marginal rate you pay. Taking large cash sums could move you into a higher tax band and give you a large tax bill – especially if you have other income on top.

So, because of the tax, it’s likely that the cash you get will be much lower than the amount you take from your pension savings.

Do we have your latest details?

Make sure we have your email and phone number so we can update you about your pension savings.

You can log in to your account at **peoplespartnership.co.uk/accountonline** to provide your details, add or update your beneficiaries and change your retirement age.

Need to contact us?

We're here 8.30am to 6pm Monday to Friday.
We're closed Sundays and bank holidays. Get in touch on **0300 2000 555**.

You can also contact us through our online enquiry form on our website **peoplespartnership.co.uk/contact-us**

or by writing to us at:
People's Partnership, Manor Royal, Crawley, West Sussex RH10 9QP

The information in this 'Your options at retirement' booklet is correct as at April 2024 and may be subject to change.

PLAIN LANGUAGE COMMISSION
CLEAR ENGLISH STANDARD

If you would like this booklet in another language or format such as braille, large print, audio or easy read, please call us on **0333 2301 399**.

People's Partnership

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BR RE 0008.0224