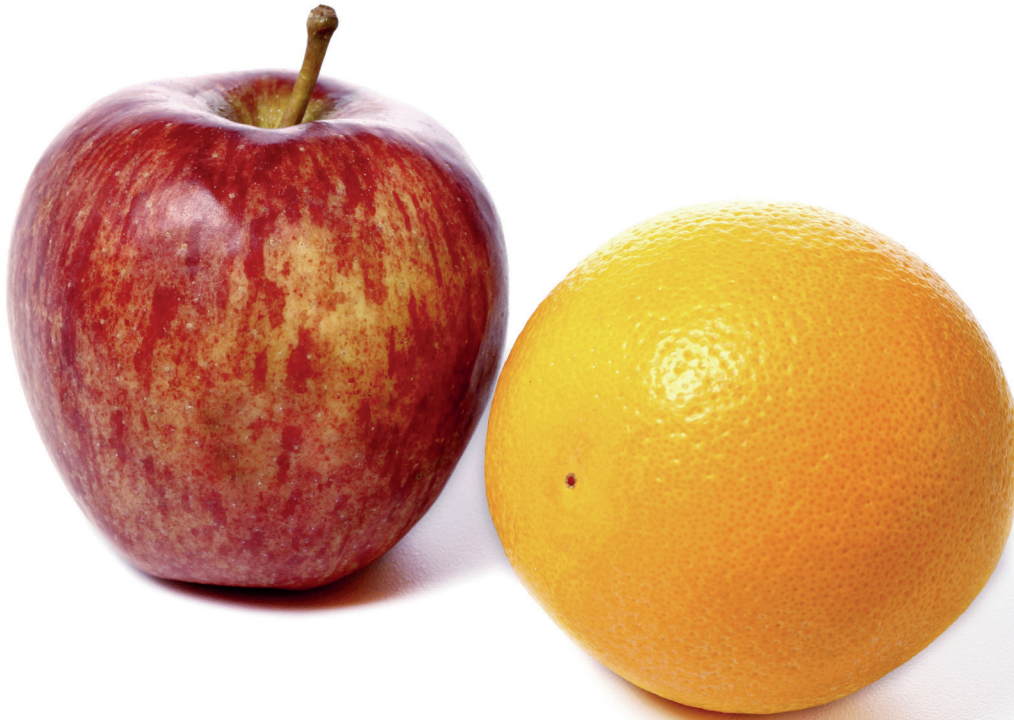


# Your pension... **what will you choose?**



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You have a choice about how to take your pension. This leaflet describes the choices that may be available to you and where you can get help.

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There are two main types of pension scheme:

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## Defined **benefit**

A defined benefit (DB) pension scheme provides a retirement income which is paid for life. It is usually calculated using your salary and the number of years you have been in the scheme. Pensions from some schemes increase each year and some continue paying a pension if you leave a dependant.

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## Defined **contribution**

Retirement income from a defined contribution (DC) pension scheme depends on how much is paid in, how well your investments perform and the choices you make when you retire. With a DC scheme you choose how your money is invested, usually from a range of investment funds. The value of these investments can go down as well as up.

The pension we are writing to you about will be paid from a defined benefit pension scheme.

## So, what are your options?

Here are the options available from most DB schemes. It's important that you understand these options and consider each of them. If you need help planning your financial future speaking to an independent financial adviser is a good idea.



**A regular retirement income.** The scheme pays you a regular income for as long as you live. Your income usually starts at a particular age (usually called your normal retirement age) but you can ask for it to be paid sooner or later.



**A tax free lump sum.** You can take part of your pension as a tax free lump sum – generally around a quarter of the value of your pension. Some schemes pay this automatically, while others offer a choice of giving up part of your pension to provide your lump sum.



**Taking all your benefits as cash.** If you have only built up a small amount of pension, you may be able to convert this into a single lump sum payment. Part of this lump sum will be tax free and you might have to pay income tax on the rest of it. By taking this option you would be giving up all of your rights to a pension from the scheme.



**Transfer your benefits to a DC pension scheme.** You may be able to transfer your benefits to a DC scheme. These schemes offer other options at retirement, some of which might suit your personal circumstances. For example, DC schemes can let you take more than one lump sum, although you may have to pay tax on these. There can be implications for any guarantees on benefits, or for the tax that you pay. It is a good idea to speak to an independent financial adviser before making your decision, to understand the costs and risks attached to each option.

## Things to think about if you're close to retirement

It's exciting thinking about what to do after you retire and what to do with the savings you've built up whilst you were working, but this is a big decision. Your savings may need to last you for the rest of your life, so here are some useful questions to ask yourself:

### Do you know how much you will need to live on?

Think about your regular spending on bills and household expenses. Don't forget to allow for occasional things like Christmas and maybe replacing your car.

### Are you planning to carry on working? Do you have other pensions?

It's worth thinking about all your sources of income together. You can trace lost pensions by visiting the government's website [www.gov.uk](http://www.gov.uk) and clicking on the 'Working, jobs and pensions' link.

### What will your State Pension give you? Will it be enough?

You can find out when your State Pension age is and order a State Pension quotation from [www.gov.uk](http://www.gov.uk)

### Are you married or in a civil partnership and if so, has your partner been saving for retirement too?

Perhaps you should think about planning your incomes together.

### Has this pension got to last for the rest of your life?

Some choices will let you take lump sums to spend as you wish and some choices will give you an income for life. Taking more of your pension sooner could mean you run out of money when you are older.

## Where can you get help and advice?

Here are some of the organisations who can help you with guidance and advice. If you use other websites, please make sure they are legitimate.

[www.unbiased.co.uk](http://www.unbiased.co.uk) has a list of experienced independent financial advisers in your area who are regulated by the Financial Conduct Authority. Independent financial advisers normally charge a fee, which you will be responsible for paying. Make sure you choose an adviser who specialises in pensions.

[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) gives tips and guidance, either online, over the phone or face to face, on taking benefits from a DC scheme.

[www.moneyadvice.service.gov.uk](http://www.moneyadvice.service.gov.uk) has been set up by the government to offer free, impartial guidance on all financial matters, including pensions.

[www.pensionsadvisory.service.gov.uk](http://www.pensionsadvisory.service.gov.uk) offers free, impartial guidance on pensions.

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Lastly, these two government bodies regulate pension saving. Their websites have some useful guides and information:

### The Pensions Regulator

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### The Financial Conduct Authority

[www.fca.org.uk](http://www.fca.org.uk)