HARGREAVES LANSDOWN

YOUR INCOME OPTIONS AT RETIREMENT

IMPORTANT INFORMATION

The options described are those generally available, however please remember pension scheme rules can be more restrictive than the legislation.

This guide is designed for people with a money purchase pension. This type of pension provides you with a pot of money which you can usually access from age 55 (57 from 2028). Examples include personal pensions, stakeholder pensions, self-invested personal pensions (SIPPs) and additional voluntary contribution plans (AVCs).

If you're expecting a defined benefit, such as a final salary, income (or scheme pension) from your employer, this guide won't explain the options you have with that pension.

If you're considering transferring your final salary benefits, or any pensions with guarantees or promises, you should think carefully before doing so and your pension scheme may insist you take advice.

The information in this guide is correct as at 11 March 2024, and unless noted, all figures apply to the 2024/25 tax year. Pension and tax rules can change though, and benefits depend on your circumstances.

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INCOME OPTIONS AT RETIREMENT

What's inside?

Your pension is there to help you make the most of your retirement. But everyone's different so there's no one-size-fits all option when it comes to accessing your pension.

That's why we've written this guide. It'll give you information about the options available, and some tips to help you choose the right option for you. It also includes information about the State Pension so you can include this income in your plans too.

This guide doesn't give you any personal recommendations.

What you do with your pension is an important decision. We strongly recommend you understand your options and check your chosen option is right for your circumstances. Take advice or guidance if you're unsure.

The government provides a free and impartial service to help you understand your retirement options. Pension Wise is available at www.pensionwise.gov.uk, by calling 0800 138 3944 or face-to-face.

We hope you find this guide useful as you start to explore your options.

BEWARE OF SCAMS

Pension scams are on the rise in the UK and you have to be extra vigilant when you're approaching retirement. Watch out for anyone who contacts you out of the blue about your pension. If it sounds too good to be true, then it probably is.

Find more information on pension scams on page 26.

THE STATE PENSION

A secure income paid by the government

The State Pension is a vital source of income for many people in their retirement.

But you don't get it automatically – you have to claim it.

You should get a letter four months before you reach your state pension age, telling you what you need to do.

State Pension age is currently 66 for everyone. This is due to gradually rise to 68 by 2046, though there's no guarantee it won't rise quicker or higher than that.

The amount you'll receive largely depends on how many 'qualifying years' of National Insurance (NI) contributions you have, which will mainly depend on how many years you've been employed, or self-employed, and paid NI.

You don't have to start receiving payments straight away. You can choose to defer for as long as you want and, because of this, receive an increase.

People with a modest retirement income may qualify for Pension Credit which the government will pay in addition to the State Pension.

You can find out more about the State Pension at www.gov.uk/browse/working/state-pension

YOUR PRIVATE PENSION

A short introduction

You'll probably have some form of private pension. Often built up through your working life from earnings and employer contributions.

It's likely you'll have had more than one employer, so it's possible you'll have more than one pension pot. But a pension doesn't just come through work, you might have set up your own personal pension too.

As part of your retirement plan, if you have several pension pots dotted around, you might want to transfer them so everything is under one roof. You might find this makes life easier when managing your finances. Though you should check you won't lose any valuable benefits or pay high exit fees.

HOW TO TRACK DOWN A LOST PENSION
If you've lost a pension, the government's free Pension Tracing Service can help you track it down.

Find out more at **www.gov.uk/find-pension-contact-details**

It's important to remember you don't have to access your entire pension in one go, you can use a bit at a time if you want to.

For example, you might plan to reduce your hours first, rather than give up work completely – so you may only need to take enough to cover the drop in earnings.

Whatever you decide to do, the earliest you can usually access your pension is 55 (rising to 57 in 2028) but there's normally no upper age limit, so you can leave your pension invested, ready to take at a later date.

NOT PLANNING TO ACCESS YOUR PENSION YET?
You don't have to take money from your pension. You can leave it invested, giving it the chance to grow free from tax.

You and your employer can carry on making contributions too, and you can receive tax relief until age 75. If you don't have any earnings, you can still get tax relief on up to £3,600 of pension savings until age 75.

However all investments could fall as well as rise, so you should review your investments regularly and seek advice if you're at all unsure.

MAKING THE MOST OF YOUR TAX-FREE CASH

Short and medium term ideas

You can usually receive up to 25% of your pension tax-free (normally up to a maximum of £268,275). If you use all your pension to buy an annuity, move all of it into drawdown, or take everything out as a lump sum, you'll receive all your tax-free cash in one payment. If you do it in stages, you'll receive your tax-free cash in stages too.

It's up to you how you save or spend this cash. You might decide to use some to pay off your mortgage, to take an extended trip abroad, or to help your loved ones financially. It's your money and your choice.

Remember though, your retirement might last 30 years or longer, and inflation reduces the spending power of cash over time. So having a plan for your cash is important.

Tax rules can also change, and the value of benefits will depend on your circumstances.

SHORT-TERM:
As a general rule of thumb everyone should hold around 3-6 months' worth of expenditure as cash to cover essential and emergency spending. This should be held in your current account and/or an easy access savings account.

You might not get the highest interest rate, but you'll be able to access your money straight away. When you've finished work and are retired, it might be a good idea to increase the cash you hold to perhaps 1 to 3 years' worth of expenditure. You could use some of your tax-free cash to achieve this.

For any planned expenses in the next 5 or so years, that can't be covered by secure income, you might consider holding more cash. For example, to cover vehicle maintenance, travel and holidays. Your tax-free cash could also help to meet these needs.

MEDIUM-TERM:
Depending on how much of your pension you move into drawdown and how much tax-free cash you take, once you've got all of the cash you need for planned spending, you might consider fixed-term savings for anything left. This is where you tie your money up for a set period in exchange for a higher rate of interest than available from easy access accounts.

You won't be able to withdraw the money until the term is up. But you might decide to set up a number of fixed-term savings products so they mature at different times. For example, one that pays out after 6 months, another after 3 years and a third after 5 years. This gives you more flexibility and means you don't tie up all your money for longer than you need to.

YOUR THREE MAIN OPTIONS

In a nutshell

AN ANNUITY
Buying an annuity is one of the few options which offers a guaranteed income for the rest of your life.

Annuities are provided by insurance companies in exchange for all, or part, of your pension.

You'll usually have the option to take up to 25% of the amount you use as a tax-free cash payment, and the rest will be exchanged for secure regular income (which is taxable).

You can choose features to match your needs. For example, if it's important your spouse or partner continues to receive an income after you pass away, you can build this in. You can also guarantee it pays for a minimum number of years and/or increases as prices rise because of inflation.

The income available will vary between insurance companies, and will depend on factors like your age, health and lifestyle. So it's important to include as many details as possible when you're shopping around for quotes. Make sure you're getting the best deal.

Although annuities can't normally be changed once set up, you can be safe in the knowledge that your annuity income will never run out.

DRAWDOWN
Drawdown is one of the most flexible ways to access a pension. Your pension stays invested so it could grow. And you can change how much income you take to suit your needs.

Like an annuity, you can usually take up to 25% of the amount you move into drawdown as a tax-free cash payment. But you choose how and where to invest the rest and how much income to take (if any).

These flexibilities can be an advantage if you get it right. But drawdown comes with more risk as your investments could fall in value and your income isn't secure. So it won't be right for everyone. You should seek advice if you're unsure.

LUMP SUMS

You can make lump sum withdrawals from your pension without choosing an annuity or drawdown. In fact, you can withdraw your entire pension as a single lump sum if you want to.

This option is known as taking an Uncrystallised Funds Pension Lump Sum (UFPLS).

25% of the amount you withdraw will usually be tax free, and the rest is taxable. You can keep anything you don't withdraw invested.

You can also make more withdrawals from what's left in the same way later on, exchange it for an annuity or move it into drawdown. But remember, your investments could fall in value and future income isn't secure.

HOW ANNUITIES WORK

The different options explained

Choosing even the most basic annuity means you'll receive a regular secure income that you know will last as long as you live.

But could choosing an annuity which increases over time, or continues to your loved ones after you're gone, give you greater peace of mind?

Remember you can't usually cancel or change an annuity once it's been set up, even if your circumstances change. So think about all your options carefully. Adding any of the options referred to on this and the following page will reduce your starting income, but they could give you peace of mind and even mean more is paid out overall.

AN INCREASING INCOME

An annuity payment can stay the same, or increase each year. Choosing options that mean your income increases will help protect you against the rising cost of living.

Options include:

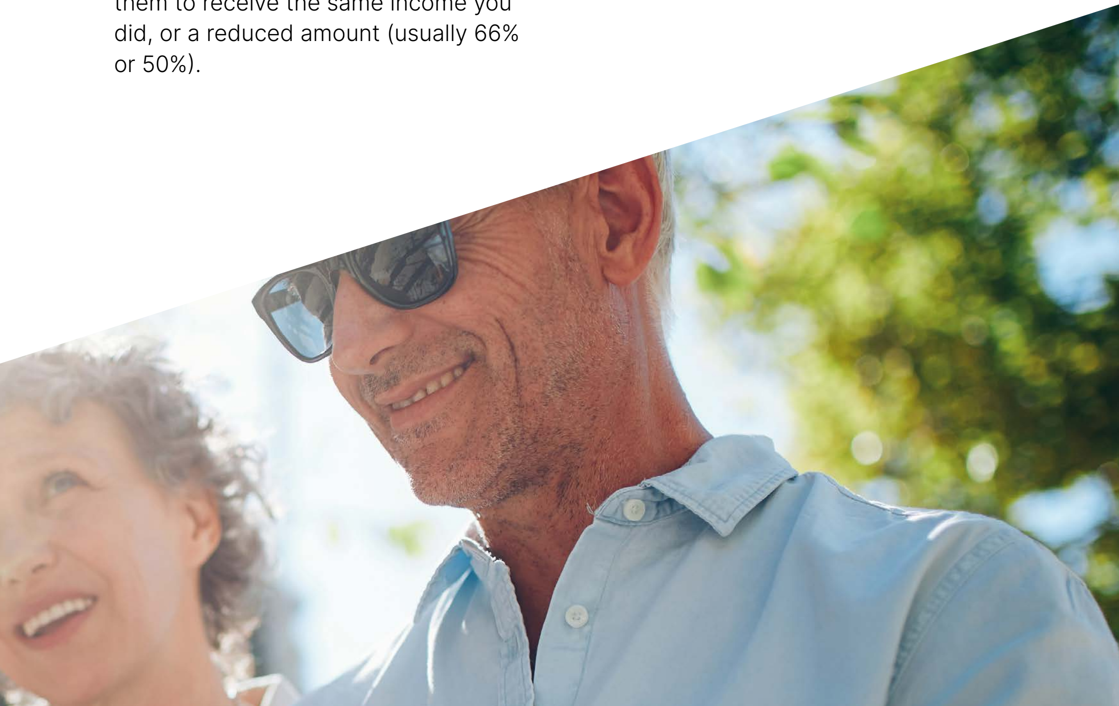
- ✓ Linking your income to the Retail Price Index (RPI).
- ✓ Setting your income to rise by a fixed percentage each year (typically 3% or 5%).

A SECURE INCOME THAT CONTINUES TO LOVED ONES

If you're married, have a partner, or have other financial dependants you might want to make sure your pension continues to them after you're gone. Particularly if they don't have a pension of their own, or you think they might struggle financially without you.

Options include:

- Joint life income. Your income will continue to be paid if your spouse or partner outlives you. You can choose for them to receive the same income you did, or a reduced amount (usually 66% or 50%).
- A guarantee period. Your income will continue to be paid until the guarantee period ends, even if you die before.
- Value protection. The original amount you used to exchange for an annuity income, minus any income already paid, will be paid out as a lump sum when you die.



YOU COULD GET A BETTER RATE

Confirm health details and shop around

Unlike with other insurance products, confirming health and lifestyle factors could mean you get more for your money. This is because it helps the insurance provider predict how long they'll have to pay you an income.

You don't have to be ill to get more money. Even confirming basic details like how much alcohol you drink, your weight and whether you smoke (or used to smoke) can mean you qualify for an enhanced annuity which can make a big difference.

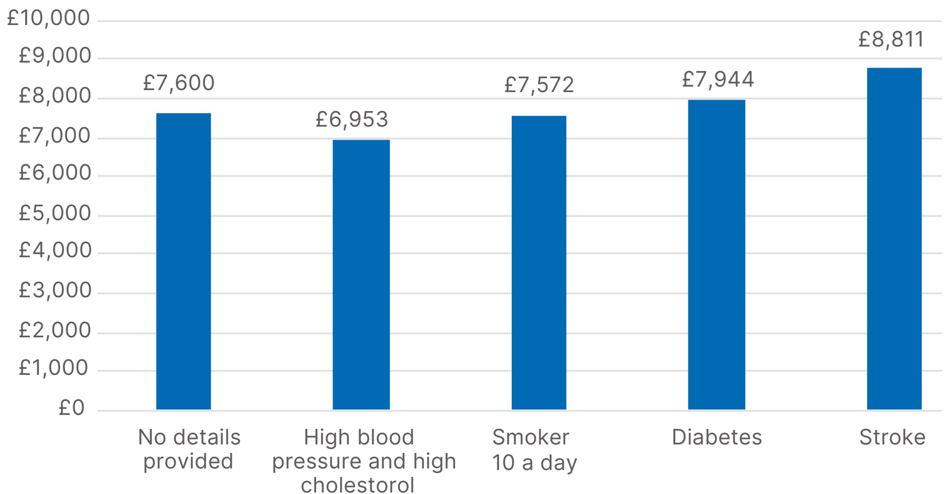
Just make sure you confirm as much information as you can when you're getting quotes, or you might miss out. This includes confirming your spouse or partner's details if you're looking at joint life annuities.

You can see how confirming health and lifestyle details could affect quotes and the annual income available on the next page.

SHOP ON THE OPEN MARKET

The 'Open Market Option' is your right to shop around and buy your annuity through the company you feel offers the best rate. Not just the default company your pension provider might suggest.

Some companies offer more competitive rates than others. So shopping around could mean a better lifetime income. The most competitive company can change frequently and will vary depending on the information you provide as well as the type of annuity you choose.



We generated these quotes using our online annuity quote tool on 07 March 2024. All quotes are for a single life annuity, paid monthly in advance, with no escalation or guarantees built in. Quotes are for a married 65 year old who man with a spouse 3 years younger, lives in an area which has an average life expectancy. When health details have been added, we've also said they drink 7 units of alcohol a week and have a Body Mass Index of 27.

HOW DRAWDOWN WORKS

The key steps explained

MOVING INTO DRAWDOWN

You can move a pension into drawdown either with your current provider (if they offer it), or by transferring your pension to a drawdown provider elsewhere.

If you have multiple pensions, it's often possible to transfer them all to one provider if you wish. Before you transfer, check you won't lose any valuable benefits or pay high exit fees.

YOUR TAX-FREE CASH

Any tax-free cash will be paid to you at the start. If you'd rather not move your whole pension into drawdown at once, that's fine too. Each time you move part of your pension into drawdown, you can normally take up to 25% tax-free cash from that portion. This is called phased drawdown.

CHOOSING YOUR INCOME

You don't have to draw an income straight away, or even at all. But if you do want to, you can take as much income as you like.

You could choose to take regular withdrawals, or only draw on your pension as and when you need to – it's up to you.

Remember to factor in how long you're going to need your pension to last. Your retirement could last thirty years or even longer. If you withdraw too much too soon, there might not be enough left to last your full retirement.

CHOOSING INVESTMENTS

The investments you choose and their performance will affect how your pension grows and the amount of income you'll be able to take.

Investment options can include funds, shares, bonds and cash. You can pick your own investments, use ready-made investing, or let an adviser choose investments for you.

You'll need to keep in mind that the value of your investments can go down as well as up, so you could get back less than you invest.

If you've thought about your drawdown goals, but are unsure how to achieve them, you may want to consider investment pathways.

There are four pathways to choose from, and each matches a potential retirement goal with an investment option.

While they're tailored to specific goals, these pathways and investment options don't take your circumstances into account, or how much risk you're comfortable with. Visit www.hl.co.uk/investment-pathways to find out more.

REVIEWING YOUR PLAN

To make sure your drawdown plan is helping you achieve your goals, you need to review it regularly. This includes checking you're happy with your investments and making changes when necessary. If you're taking an income, you also need to check the amount you're withdrawing is sustainable.

ADDING MORE MONEY TO PENSIONS

Taking just your tax-free cash won't have an effect on how much you can contribute into your pensions. However, once you take your first income payment from drawdown, the amount you can pay into money purchase pensions (like a SIPP) will be limited by the Money Purchase Annual Allowance (MPAA) which is currently £10,000 each tax year.

Tax free

25%

HOW LUMP SUMS WORK

Also known as an UFPLS

If you don't need or want to take all your tax-free cash yet, this option might be worth considering.

CHOOSING HOW MUCH TO TAKE
In most cases there's no limit to the amount you can take as a lump sum. However it's important to consider how long you'll need your pension to last.

Usually 25% of each lump sum you take will be tax free, and the rest taxed as income.

INVEST THE REST
Anything you don't take stays invested. This creates the potential for growth, but also means your pension is exposed to the ups and downs of the stock market. You could get back less than you invest, and your income isn't secure.

Investment options may include funds, shares, bonds and cash. You can pick your own investments, use ready-made portfolios, or let an adviser choose investments for you.

ADDING MORE MONEY TO PENSIONS
Taking a lump sum in this way will reduce the amount you can pay into money purchase pensions (like a SIPP). You'll be limited to the Money Purchase Annual Allowance (MPAA), which is currently £10,000 each tax year.

SMALL POT LUMP SUMS
If your pension (or an arrangement within a pension) is worth £10,000 or less, you could take it out in one go as a 'small lump sum' payment.

25% of each lump sum will be tax-free (unless any of the payment is from funds that are already in drawdown), and the rest taxed as income.

Current pension law allows payments of this type to be taken up to three times from personal pensions. Unlike when you take income from drawdown or as an UFPLS, taking a lump sum in this way will not restrict how much you can pay into your pension in future and doesn't count towards your lifetime allowance.

HOW PENSION INCOME IS TAXED

And what to watch out for.

All pension income is taxable. But you'll usually have the option to take up to 25% tax free.

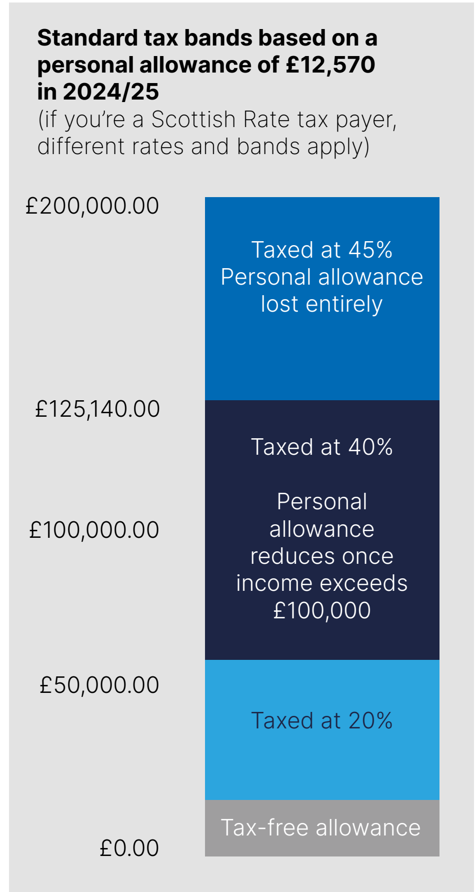
Your pension provider will deduct tax via Pay As You Earn (PAYE), which is how employers deduct tax from your income.

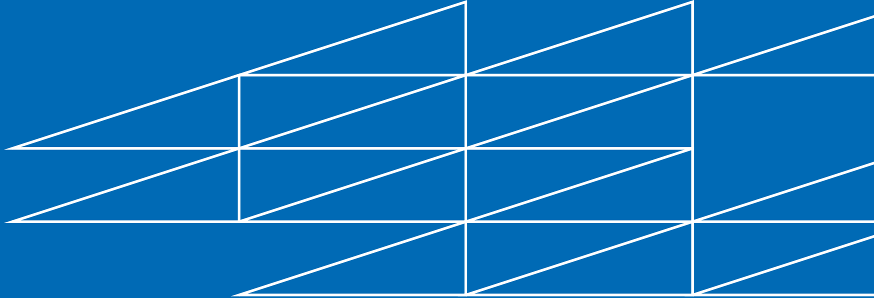
Remember, tax rules can change and benefits depend on your circumstances.

TAX BANDS
Usually, everyone has an annual tax-free personal allowance, which for most people in this tax year is £12,570.

The personal allowance will vary depending on your circumstances and starts to reduce once your income goes over £100,000, dropping to zero for income of £125,140 or more.

For anything above your personal allowance, different tax bands apply, from 20% rising to a rate of 45% tax on income over £125,140. If you're a Scottish Rate tax payer different rates and bands will apply.





TAKING LARGE WITHDRAWALS

Pension income will be added to any other income you receive each tax year, so taking large withdrawals could push you into a higher tax bracket. This is something to be particularly aware of if you're thinking of taking an income via drawdown or as a lump sum.

If you need to make a large withdrawal, you might consider spreading it over more than one tax year to take advantage of your personal allowance and tax bands.

Our pension income tax calculator and factsheet could help you understand more about how your pension will be taxed. Go to **www.hl.co.uk/pension-income-tax**

WHEN YOU COULD OVERPAY TAX

The first time you withdraw from your pension, you may be taxed using an emergency tax code. This is most likely if you're using drawdown or taking a lump sum.

This means all previous pay and tax in the year is not taken into account. It will assume you're due to receive the same amount each month, meaning too much tax may be paid initially.

After your first withdrawal, HMRC should provide an updated tax code. This should automatically adjust any overpaid, or underpaid, tax when you next receive a payment. You can contact HMRC directly if you think you've paid too much or too little.

Use our **emergency tax calculator** to see how your first withdrawal might be taxed. The calculator can be used for Drawdown income too.

Go to **www.hl.co.uk/emergency-tax**

PASS YOUR PENSION WEALTH TO YOUR LOVED ONES

Tax efficiently.

It's important to think about who you'd like to receive your pension savings in the event of your death.

With an annuity, the income will stop when you die unless you choose particular options, as described on page 11. Remember annuities can't usually be changed once set up, so you need to choose these options at the start.

If you don't buy an annuity, any remaining funds can be passed on to your beneficiary. You should let your pension provider know who you'd like to nominate as your beneficiary.

You can nominate as many people as you like, and can update them at any time. Though these nominations aren't binding, they let your provider know your wishes, and must be taken into account.

Your beneficiaries can either take the remaining pension as a single payment. Or, they can keep the pension invested and take income in stages, or buy an annuity.

HOW PAYMENTS ARE TAXED

Payments made to your loved ones after you die are usually free of inheritance tax.

What tax they pay will depend on how old you are when you die:

- If you die before 75, the payments your beneficiaries receive are usually tax free.
- If you die at or after 75, the payments your beneficiaries receive will be taxed as their income.

If the payments are taxable, your beneficiaries might be able to reduce their tax bill by spreading the withdrawals over a number of tax years.

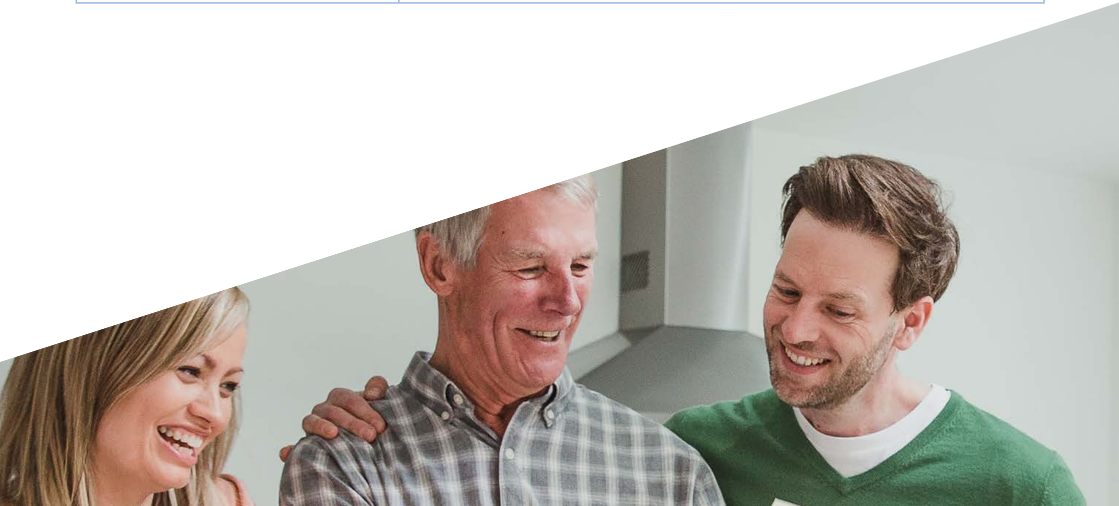
For more information about how to pass on pension wealth visit:

www.hl.co.uk/pension-death-benefits

A SIDE BY SIDE COMPARISON

<table>
<tr><th>ANNUITY</th><th>DRAWDOWN</th><th>LUMP SUMS</th></tr>
<tr><td colspan="3">Which option might be right for you</td></tr>
<tr><td colspan="2">You'd like to receive your tax-free cash in one payment (although you don't have to use all your pension in one go).</td><td>You'd like to receive your tax-free cash in stages, or to withdraw your entire pension in one go.</td></tr>
<tr><td>You want or need to secure yourself an income for the rest of your life.</td><td colspan="2">You'd like to decide your income level, and change it as and when you like.</td></tr>
<tr><td>You don't want to keep your pension invested.</td><td colspan="2">You want the potential to increase your pension by keeping it invested.</td></tr>
<tr><td colspan="3">Things to consider</td></tr>
<tr><td rowspan="2">Once your annuity is set up, you usually can't change or cancel it, even if your circumstances change.</td><td colspan="2">Your income won't be secure and it could run out. So these options might not be best for you unless you have other income to rely on.</td></tr>
<tr><td>As soon as you take income (but not if you just take tax-free cash), your pension contributions will be restricted.</td><td>As soon as you take your lump sum, pension contributions will be restricted.</td></tr>
<tr><td colspan="3">Do you have to use your entire pension?</td></tr>
<tr><td>No – you can choose how much you use to buy an annuity.</td><td>No – you can move money into drawdown in stages.</td><td>No – you can take cash lump sums as and when you need to.</td></tr>
<tr><td colspan="3">What decisions do you need to make at the start?</td></tr>
<tr><td>How much of your pension you want to use for an annuity (usually up to 25% of this amount can be taken as a tax-free lump sum).</td><td rowspan="2">How much of your pension you want to move into drawdown (usually up to 25% of this amount can be taken as a tax-free lump sum).</td><td rowspan="2">How much you'd like to withdraw. Usually 25% of each withdrawal is tax free, and the rest is taxable.</td></tr>
<tr><td>Which options you want to include (e.g. a guaranteed income for your partner if they outlive you).</td></tr>
</table>

ANNUITY	DRAWDOWN	LUMP SUMS
What ongoing decisions do you need to make?		
None – you know you'll receive the income for the rest of your life.	Where to invest your pension, and how much (if any) taxable income you'd like to take.	Where to invest any remaining pension funds.
How much income will I receive?		
It depends on the size of your pension, the options you choose, and the annuity rates available (which could go up or down in the future).	You can take out as much or as little as you like for as long as your pension size, and investment performance allows.	
Shopping around and confirming health details before you apply could mean you get more income.		
What happens to my pension when I die?		
Payments will stop unless you've chosen for payments to continue after you die, they could be tax free if you die before 75 and will be taxed as income if after.	If you die before 75, your pension can be passed to your beneficiaries, tax free in most cases. If you die at or after 75, any withdrawals your beneficiaries make from your pension will be taxed as their income.	



OTHER ALTERNATIVES

Helping you understand all your options

FIXED TERM ANNUITIES
Some pension providers offer annuities which pay out a guaranteed income for a set term, rather than your lifetime. Once the term's up you'll receive a 'maturity amount'.

You choose the term, usually 5-10 years, and whether you want your income to increase or continue to your loved ones (as explained on page 11).

Once it matures you can exchange the amount for another annuity, or use it for drawdown. It's up to you.

In some ways this allows you to keep your options open, and could be beneficial if annuity rates rise in future, or if your circumstances change. However there's also the risk that rates could fall before your annuity matures. So you could miss out on a better lifetime income.

INVESTMENT LINKED ANNUITIES
Unlike annuities which provide a secure income, investment linked annuities (also known as variable annuities) provide an income which varies depending on the value of the investments they're linked to, such as stocks and shares.

So while they offer the potential for growth and an increasing income, there's also the risk that your income could fall. There will usually be a guaranteed minimum income, but make sure you'll have enough to live on if your income were to fall to that level.

DRAWDOWN WITH GUARANTEES
This hybrid option is complex and combines the security of a guaranteed income, and the flexibilities and control of drawdown.

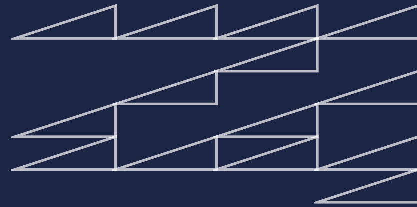
Different products will work in different ways and the 'guarantees' will vary. It's important that you understand all the terms, including all costs involved.

If you're looking for something which gives you both a secure and flexible income, you may want to consider a mix and match approach.

MIX AND MATCH TO SUIT YOUR NEEDS

You don't need to make a single choice. For example, you could set up more than one annuity, perhaps using different options.

Or, you could exchange part of your pension for an annuity (giving you a secure income to cover essential expenses) and leave the rest invested in drawdown to hopefully continue growing.



OTHER THINGS TO THINK ABOUT

A few final thoughts

BEWARE OF INVESTMENT SCAMS
Unfortunately, fraudsters do target people at retirement. Their scams are becoming increasingly sophisticated, so it's important to be careful about who you trust to look after your money.

Be wary of anyone who cold calls you about your pension. None of the government-backed services, like Pension Wise or the Money Advice Service, will ever contact you out of the blue.

4 THINGS TO WATCH OUT FOR

- Anyone who tries to persuade you to withdraw your entire pension and let them invest it for you
- Anyone offering 'free pension reviews'.
- Investment suggestions that promise very high or guaranteed returns or extra tax savings
- Anyone who promises you access to your pension before you turn 55. Only in very rare cases is this possible.

You can find out more at www.fca.org.uk/scamsmart

COSTS AND GETTING THE BEST DEAL
With an annuity, everything is wrapped up in the rate you accept, so there are no ongoing costs to worry about. You know what income you'll receive for life.

If you choose to keep your pension invested, the charges that apply to your plan, and to your investments, will have an impact on how much income you can take, and how much money is left to pass on to your loved ones.

It's important you shop around to find the pension provider, and investments, which give you the service you need, for a price you're happy with.

THE DANGER OF INFLATION
The price of goods and services rises over time. Inflation at 10% could halve the buying power of your income in 7.5 years. It's important to keep this in mind when you think about your retirement income.

Drawdown could help counter the impact of rising prices if your investments perform well and you don't take too much out. But there are no guarantees.

You might want to consider if you have enough secure retirement income that's guaranteed to rise with inflation. Examples include the State Pension and some workplace pensions (e.g. final salary pensions). If you don't you can always exchange some of your pension for an increasing annuity (see page 10 for more details).

TRANSFERRING PENSIONS

You might choose to transfer your pension to a new provider because they better meet your needs, or maybe because you want to merge your various pensions into one for easier management.

Before transferring, you should carefully consider your options. Make sure you'll be better off by transferring and won't lose any valuable guarantees, or incur excessive exit fees. You can request information about this from your existing provider.

You can choose to transfer your pension as cash or stock. If your pension is transferred as cash, this means any market rises or falls won't affect the pension value for a period.

If you prefer, it may be possible to transfer your existing investments without selling them. This is known as transferring as stock or 'in-specie'.

You'll need to confirm you want to do this when you apply to transfer. If you transfer your existing investments as stock (or 'in-specie'), without selling them, you may not be able to change your investments while the transfer is in progress.

RECYCLING TAX-FREE CASH

HMRC has rules in place to stop tax-free cash 'recycling' from a pension plan. Briefly, this is where an individual boosts their pension savings by taking their tax-free lump sum and, as a result, increases their pension contributions with the aim of gaining more tax relief.

This could even apply if the contributions are paid before the tax-free lump sum is received. The penalty for recycling could be a tax charge of up to 70% of the tax-free lump sum. Genuine retirement planning isn't intended to be caught by this rule. Go to **www.hl.co.uk/the-recycling-rule** to download our factsheet.

LIFETIME ALLOWANCE

There used to be a limit to the total value of pension benefits you could build up throughout your lifetime and generally receive up to 25% tax free. This limit was known as the lifetime allowance and was set at £1,073,100 for most people.

The lifetime allowance has now been replaced by three new allowances:

Lump sum allowance – £268,275
Lump sum and death benefit allowance – £1,073,100
Overseas transfer allowance – £1,073,100

You can find out more about the three new allowances at: **www.hl.co.uk/pensions/contributions/new-lump-sum-allowance**

Your pension or annuity provider might need to ask for details of all your pensions to check how much of the new allowances you've already used up.

LOSS OF MEANS-TESTED BENEFITS

If you currently get means-tested benefits, withdrawing money from your pension may reduce how much you receive. Find out more at www.gov.uk/benefits-calculators

LOSS OF PROTECTION FROM CREDITORS

Taking money from your pension could help you get on top of your finances by paying off your mortgage or other loans. But it's important to make sure you have enough to live on for the rest of your life.

If you're in serious financial trouble, you should take extra care before taking money out of your pension. Any money held in a pension might be protected from your creditors if you're in debt and they take action against you. But once you take it out any protection could be lost.

PLANNING FOR YOUR RETIREMENT

Getting quotes, guidance and advice

A sensible first step could be to get some comparison quotes. It can help you explore your options and work out which are best suited to your needs.

You should be able to request these from your existing pension provider, including annuity quotes and illustrations for drawdown and lump sums.

For annuities you might try adding different options, like an increasing income or a guarantee period, to see the effects on your starting income. Don't forget to give full details about your health and lifestyle too – it could mean you get a higher income.

Drawdown and lump sum illustrations should show you the effects of different investment returns, your chosen income, and charges on your pension value. It will also give you an indication of how long your pension could last, and what might be left to pass on to your loved ones.

Remember you have the right to shop around. Your pension provider may not be the most competitive, or offer all the options. You may decide to approach different pension and annuity providers to see if you could get a better deal elsewhere.

GUIDANCE FROM PENSION WISE

The government's Pension Wise service offers free, impartial guidance to help you make sense of your options. It's not personal advice.

You'll find lots of information on their website and can book a face to face or telephone consultation with one of their pension specialists. To find out more go to **www.pensionwise.gov.uk**

PERSONAL ADVICE

People seek personal advice for many reasons, but common themes include retirement planning, investing and estate planning.

Your financial situation may be complicated, so you might need more help. Or you might just want reassurance that what you plan to do is right for your circumstances.

At HL we have corporate chartered status and provide a wide range of financial advice services. You have the flexibility to choose the type of advice you need (planning or investment) plus if you'd like one-off or ongoing advice.

You can find out more about the full range of financial advice we offer at: **www.hl.co.uk/financial-advice**

ABOUT US

An award winning service, plus useful tools and resources to help you make your own decisions. We're Hargreaves Lansdown – a financially secure FTSE-listed company, trusted by over 1.8 million clients. We take account security seriously and have over 40 years experience in empowering people to save and invest for a brighter future.

Our clients like the wide investment choice, and how easy it is to manage their pensions online and with our app.

GET IN TOUCH
Our helpdesk is here six days a week to help.

Call us: 0117 980 9926
(Monday to Friday 8am-5pm
and Saturday 9:30am-12:30pm)

Remember Pension Wise can offer you guidance on the options available. Visit www.pensionwise.gov.uk

EXPLORE MORE
You can continue your research online at www.hl.co.uk/retirement

- Learn more about lump sums and get an illustration on how long the rest of your pension might last
- Discover more about annuities and drawdown to compare your options
- Learn more about the HL Self-Invested Personal Pension

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