A GUIDE

Which option is right for me?

Countrywide Assured

Only you or your financial adviser can answer this question as we don't offer advice or provide recommendations. You will have to pay for the advice, but it could save you a lot of money (and worry) in the long run. Pension Wise, a government-backed service, offers free face-to-face or telephone appointments for the over 50s. It's available to everyone no matter how large or small the amount of pension savings: **Moneyhelper.org.uk/pensionwise**

A Keep your pension savings where they are

It may be right for you if

- You continue earning an income and won't need to draw on your pension savings.
- You want to continue saving for your retirement.
- You want more time to shop around to get the best deal for your money.
- Your independent financial adviser has given this advice.

It may not be right for you if

- You want an income from your pension at your selected retirement date.
- Your pension has a guaranteed minimum income based on a selected retirement date. **Choosing this option could mean losing this valuable guarantee.**
- You have used up your Lifetime Allowance.

Things to think about

- Pension savings can go down in value so review your investments regularly and get advice if necessary.
- There will be ongoing costs for leaving your pension savings where they are, although this is true for all options. Check the costs with your provider.
- Check the possible charges or impact on any guarantees your policy offers before changing your retirement date and other restrictions, including the deadline for informing your provider.

Tax treatment will depend on your individual circumstances and may be subject to change in the future.

B Use your pension savings to get an income

It may be right for you if

- You want a guaranteed regular income for life or for a fixed term.
- You suffer from health or lifestyle issues and want a level of income to match your potentially shorter life span.
- Your pension has a guaranteed minimum income based on a selected retirement date.
- You want peace of mind or are worried about your money running out.
- You want to provide an income for your dependants after your death.
- Your independent financial adviser has given this advice.

It may not be right for you if

- You have income from other sources. Retirement income is taxed so make sure your income arrangements are tax friendly.
- You want financial flexibility. For example, you can't 'undo' an annuity, once it's set up.

Things to think about

- You'll have very little time to change your mind so think carefully before you commit to this income product.

See our **'Pension options explained'** guide and visit **countrywideassured.co.uk** for more information.

C Take your pension savings in one go

It may be right for you if

- You currently have another source of income for your retirement.
- Your independent financial adviser has given this advice.
- You suffer from health or lifestyle issues and have no dependants.
- You wish to clear existing debts.

It may not be right for you if

- You want a regular income in retirement.
- You take all of your money in one tax year. Doing so could mean a large tax bill, especially if you're still earning an income.
- Your pension has a guarantee linked to your selected retirement date. **If you take your money before or after this date, you could lose this valuable guarantee.**
- You want to provide an income for your dependants after your death.
- You are claiming any state benefits. Taking this option could reduce or stop your benefits altogether.

Things to think about

- Only 25% of the lump is tax free. The rest is taxable. So your tax rate could go up when the money is added to your other income.
- If you carry on contributing to your pension, this option could reduce your Annual Allowance from £40,000 to £4,000 (2020/21), known as the 'Money Purchase Annual Allowance (MPAA).
- If you choose this option you can't change your mind.
- Another option may be more tax efficient.
- If using the cash to clear debts, buy a holiday, or similar, think carefully before doing so. This will reduce the money you'll have to live on in retirement, and you could end up with a large tax bill.

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D Take your pension savings as a number of lump sums

It may be right for you if

- You currently have another source of income for your retirement.
- Your independent financial adviser has given this advice.
- You will buy an income product with one or more of the lump sums at a later date.
- You've been advised this is the most tax friendly way to access your retirement savings.
- You suffer from health or lifestyle issues and have no dependants.
- You wish to clear existing debts.

It may not be right for you if

- You want a retirement income on reaching your selected retirement date, and for your spouse on your death.
- Your pension has a guaranteed minimum income based on a selected retirement date.

Things to think about

- Each cash withdrawal and the charges that may come with it will reduce your pension savings.
- The number of withdrawals may be limited.
- Your money could run out and not last into old age.
- Pension savings can go down in value so review your investments regularly and get advice if necessary.

E Use your pension savings to provide a flexible retirement income

It may be right for you if

- You want to have a flexible rather than fixed and/or guaranteed income.
- Your independent financial adviser has given this advice.
- You suffer from health or lifestyle issues.

It may not be right for you if

- You want a guaranteed fixed regular income in retirement.
- Your pension pot is less than £10k, which means this option could be expensive.
- You don't want to spend time planning and checking your income is set at the right level to make sure your investments last.

Things to think about

- A flexible income product is not guaranteed so consider carefully how much you withdraw.
- Careful planning is needed to work out how much income you'll need, investment performance, other sources of income you may have, and whether you want to provide for anyone after you die.
- If you carry on contributing to your pension, this option could reduce your Annual Allowance from £40,000 to £4,000 (2020/21), known as the 'Money Purchase Annual Allowance (MPAA).

F Mix your options

It may be right for you if

- You want to maintain flexibility throughout your retirement.
- You have multiple pensions that you want to use in different ways.
- You wish to clear existing debts and use your retirement savings in a variety of ways
- You've been advised this is the most tax-friendly way to access your retirement savings.

It may not be right for you if

- You have income from other sources. Retirement income is taxed so make sure your income arrangements are tax-friendly.

Things to think about

- You may only get one chance to take your tax-free amount.
- If using the cash to clear debts, buy a holiday, or similar, think carefully before doing so. This will reduce the money you'll have to live on in retirement, and you could end up with a large tax bill.
- You may need to transfer to another provider to benefit from this option.

Tax treatment will depend on your individual circumstances and may be subject to change in the future.

See our **'Pension options explained'** guide and visit **countrywideassured.co.uk** for more information.

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