

APPENDIX 1

SECTION 32 v PERSONAL PENSION

Area of Difference	Section 32	Personal Pension
Protection of lump sum greater than 25%	Scheme specific protection of lump sum can only be retained if transfer to s32 is part of a scheme wind up Lost on subsequent transfer	Scheme specific protection of lump sum only retained if transfer is part of a block transfer Lost on subsequent transfer if that transfer is not part of a block transfer
GMP	GMP revalued to state pension age must be guaranteed under policy Pre 88 must include 50% widow's pension Post 88 must include 50% Spouse's pension and escalation at RPI up to 3% pa No PCLS	GMP extinguished and converted to protected rights with no guarantees. Unisex annuities must include 50% Spouse's pension if married PCLS up to 25% of protected rights fund
Post April 97 contracted out salary related rights	Must secure member's pension plus 50% Spouse's pension if married or in a civil partnership PCLS available	Converted to protected rights. Unisex annuities must include 50% Spouse's pension if married PCLS up to 25% of protected rights fund
Death benefits before vesting	If married or in a civil partnership, GMP fund must provide widow's GMP (Pre 88) /Spouse's GMP (Post 88) and 50% of Post April 97 COSR fund must provide Spouse's pension Excess funds payable as lump sum (and/or dependant's pension if policy conditions allow).	If married or in a civil partnership, protected rights fund must be used to provide Spouse's pension. Non-protected rights fund and, if single, protected rights fund, can be paid as lump sum (and/or dependant's pension, if scheme rules allow).
Minimum pension age	Age 50 (55 from 6/4/2010) provided that the pension payable is at least equal to GMP (if any) revalued to state pension age	Age 50 (55 from 6/4/2010)
Phased retirement	Possible if policy conditions allow but not available for GMP	Possible if scheme rules allow but only available for protected rights via income withdrawal
Additional contributions	Possible if policy conditions allow	Possible if scheme rules allow
Transferability	Transfer allowed to any registered pension scheme	Transfer allowed to any registered pension scheme including S32
Investment choice	Normally choice of investment for GMP element is restricted by insurer	Choice normally unrestricted
Lump sum on grounds of serious ill-health and triviality	Possible if policy conditions allow	Possible if scheme rules allow
Income withdrawal	Possible if policy conditions allow Not permitted for GMP or Post 97 COSR funds	Possible if scheme rules allow

Notes

1. "GMP" means guaranteed minimum pension
2. "Spouse" means widow, widower or civil partner
3. "PCLS" means pension commencement lump sum