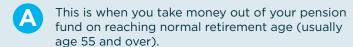
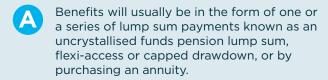




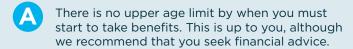
Q What is meant by 'taking benefits'?



What options are available to me?



When should I start taking benefits by?

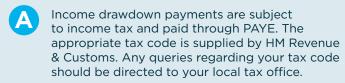


Income drawdown

What is income drawdown?

Income drawdown is where you keep part of your pension fund invested and withdraw sums to provide a taxable income. Normally, you can take a tax-free lump sum of 25% (known as a pension commencement lump sum) of the fund you wish to use (crystallise) and use the remainder to pay an income at monthly, quarterly, half-yearly or annual intervals.

What tax is applicable to income drawdown payments?



Flexi-access drawdown

Q What is flexi-access drawdown?

Flexi-access drawdown allows you to take as much income from your pension pot as you wish. Under flexi-access drawdown you can typically take a pension commencement lump sum of 25% and use the remainder to take a taxable income.

Can I continue to contribute to my pension when in flexi-access drawdown?

Yes, although taking an income through flexi-access drawdown will trigger the money purchase annual allowance (MPAA) rules. This is where those that have 'flexibly accessed' their pension are subject to restrictions on the amount of future contributions that can be made to a money purchase pension scheme, such as a Self-Invested Personal Pension (SIPP). The limit for those that have triggered the rules is £10,000 for the 2024/25 tax year with a personal tax charge applicable if this amount is exceeded.

If, however, you only elect to take a pension commencement lump sum and no income, you will not be subject to the money purchase annual allowance rules and so you can contribute up to the standard annual allowance (£60,000 in the 2024/25 tax year) before being subject to any personal tax charges on your contributions.

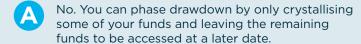
Do I need to take an income once I have taken the pension commencement lump sum?

No. You choose when you wish the income element to start.

If you wish to change the amount of pension income you are receiving, you can do this using your James Hay Online account.

BENEFITS





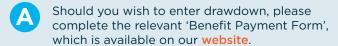
What are the pros/cons?

The main pro is the flexibility - you can draw as much or as little as you wish at intervals that suit you - monthly, quarterly, half-yearly or annually. The main disadvantage is that this may not provide you with a level of income that lasts throughout your retirement.

You will also need to plan carefully how much income to take as drawing down larger sums, when included with any other income, could mean that you incur higher tax liabilities.

Should you choose to take an income through drawdown you need to bear in mind the sustainability of your chosen income method. Changes in circumstances, taxation, the performance of your underlying investments and the length of time that you live in retirement will all have an effect on the income available from your pension.

Which forms do I need to request income drawdown?



If you are already in drawdown and wish to amend your level of income, you can do so using James Hay Online. For IPS and Partnership SIPP products please complete the 'Revised SIPP Income Instruction Form'.

Capped drawdown

What is capped drawdown?

Capped drawdown allows you to vary the amount of taxable income you withdraw each year, up to a maximum amount that is calculated by reference to tables compiled by the Government Actuary's Department and your age. The maximum you can withdraw under capped drawdown is 150% of this calculated figure.

Who is eligible for capped drawdown?



Can I convert to flexi-access drawdown?

Yes. If you wish to convert to flexi-access drawdown, you can do this via James Hay Online.

For IPS and Partnership SIPP products, please

complete the 'Revised SIPP Income Instruction with Conversion to Flexi-access Drawdown Form' which is available on our website.

Please also note that if you request an income amount in excess of the capped drawdown limit, we will automatically convert your SIPP in capped drawdown to flexi-access drawdown.

Taking an income through flexi-access drawdown will trigger the MPAA rules, as explained in the Flexi-access Drawdown section above.

What are the pros/cons?

Capped drawdown is no longer available to those looking to enter drawdown.

As with flexi-access drawdown, the rest of your fund remains invested and the income you withdraw can be varied to suit your circumstances. The downside to capped drawdown is that unlike flexi-access drawdown, the amount that can be taken from your pension fund is subject to a maximum limit.

Also, should you choose to take an income through capped drawdown, you need to bear in mind the sustainability of your chosen income method. Changes in circumstances, taxation, the performance of your underlying investments and the length of time that you live in retirement will all have an effect on the level of income available from your pension.

We recommend that you take advice from a financial adviser or guidance from the government backed service Pension Wise.

Which forms do I need to take income from my capped drawdown pension?

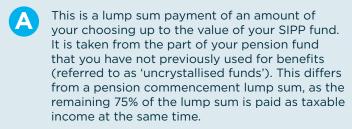
You can request income through capped drawdown by completing the relevant 'Benefit Payment Form'.

If you wish to amend your level of income you can do so using James Hay Online. For IPS and Partnership SIPP products you will need to complete the 'Revised SIPP Income Instruction Form'.

Alternatives to income drawdown

Uncrystallised funds pension lump sum (UFPLS)

What is a UFPLS?



What tax is applicable?

25% of the UFPLS payment will be tax-free. The remaining 75% will be subject to income tax. The appropriate tax code is provided to us by HM Revenue & Customs and any queries regarding your tax code should be directed to your local tax office.

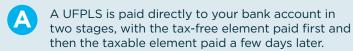
How many UFPLS payments can I take from my pension?

You can take as many payments as you wish but you will need to instruct us each time you wish to take one. Each payment of a UFPLS will be subject to a charge. For details, please refer to the relevant Charges Schedule in the literature section of our website.

Q Can I continue to contribute to my pension after taking a UFPLS?

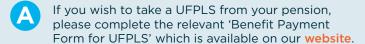
Yes, although taking a UFPLS will trigger the money purchase annual allowance (MPAA) rules. This is where those that have 'flexibly accessed' their pension are subject to restrictions on the amount of future contributions that can be made to a money purchase pension scheme, such as a SIPP. The limit for those that have triggered the rules is £10,000 for the 2024/25 tax year with a personal tax charge applicable if this amount is exceeded.

How is the payment made?



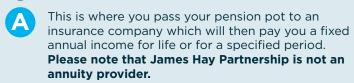
Please note that for IPS and Partnership SIPP products, you will receive one payment which will be made up of the tax-free and taxable amounts.

• How do I request a UFPLS payment?

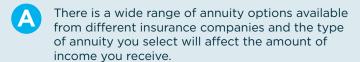


Annuities

What is an annuity?



Are there different types of annuity?



The main types of annuity options are:

- Level annuity with income remaining level year after year.
- Escalating annuity with income rising each year, either at a fixed rate or in line with inflation.
- Annuity if you have a partner with income paid for your lifetime and to a partner if they survive after your death.
- Guaranteed annuity guaranteed for a specific number of years, so that if you die before the guarantee period is up, your partner or estate will continue to receive the income. The maximum guarantee period is 10 years.
- Investment linked annuity offers the chance to have a higher income than a level or escalating annuity, but linking to the value of the annuity investments so income could go down as well as up.

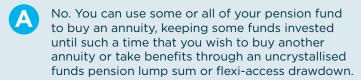
MANAGING YOUR SIPP

BENEFITS

There are also other types of annuity that may be available to you depending on your lifestyle or state of health, for example an enhanced annuity or impaired life annuity. Different insurance companies will also pay you income at different levels, so you should shop around before deciding which provider to go with.

Visit the MoneyHelper website at www.moneyhelper.org.uk for further impartial information.

Q Do I have to use all of my pension pot to purchase an annuity?



What tax is applicable?

Income from an annuity is subject to income tax and is paid through PAYE. The appropriate tax code is supplied by HM Revenue & Customs. Any queries regarding your tax code should be directed to your local tax office.

What are the pros/cons?



Compared to taking income drawdown, the main advantage is that the income an annuity pays is normally guaranteed for life.

The older you are the more annuity you can buy for your money. However, annuity rates change so you should give consideration to when an annuity purchase may be right for you.

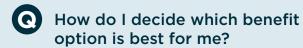
The main disadvantage compared to income drawdown is that once you have purchased the annuity, you cannot normally vary the income depending on changes in your circumstances.

Q How do I apply for an annuity?



Once you have shopped around and decided on an annuity provider, you should contact the annuity provider to confirm their requirements. If required, the 'Annuity Open Market Option Request Form', is availabe on our website.

MANAGING YOUR SIPP BENEFITS





We strongly recommend that you seek advice from a regulated financial adviser before making any decisions about your pension.

If you are unsure about the options available to you, MoneyHelper provides a free guide called 'Your pension: your choices' which is available on our website.

Pension Wise is a Government service provided by MoneyHelper that offers people approaching retirement free, impartial guidance about their choices. You can receive Pension Wise guidance online, over the phone or face to face. You can access Pension Wise on the MoneyHelper website or call either 0800 280 8880 or 0300 330 1003 (from outside the UK +44 20 3733 3495) if you wish to use this service.

Whilst we recommend that you make use of the services provided by MoneyHelper, the guidance they provide does not replace financial advice given by regulated advisers.

We aren't authorised to give financial advice. If you need financial advice, please speak to your financial adviser. If you do not have one, you can obtain a list of financial advisers local to your area by visiting MoneyHelper or by calling MoneyHelper on 0800 011 3797.





The above information is based on our interpretation of current law and HM Revenue & Customs practice. Please remember that tax treatment depends on the individual circumstances of each client and current tax benefits may change in the future.

Contact us on:



03455 212 414



www.jameshay.co.uk

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

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