



KEEP TRACK: Hazel Brown . . . you could be losing out on higher tax-free cash

Make most of retirement money pot

Options: Variety of ways to take benefits once you stop working

BY HAZEL BROWN

As a result of an increasing number of us having several employers in our lifetime, many people will have a variety of pensions: private and work ones plus a state pension.

This can cause complications when we reach retirement, because there are several ways you can take retirement benefits.

Pension providers usually only inform you of the options available under their particular plan but there are likely to be much wider options available.

Normally, you can take a lump sum of 25% of your pension fund value, tax free. For pensions with links to a current or previous employer, this could be greater as a result of being calculated using multiples of service and salary but pension providers do not always make this clear.

You could be losing out on higher tax-free cash as a result. Obtaining details of past pay and years' service can prove tricky, however, so keep old P60s and proof of employment.

After any tax-free cash is paid, the remaining fund is used to provide income. Options include capped drawdown, flexible drawdown, scheme pension, lifetime annuity, with profits/unitised annuity and temporary annuity.

Your selection will depend on a number of variables: health, whether you want a guaranteed or fut-

"Align benefits to your needs"

uating income, if you have financial dependents.

Some plans offer guaranteed minimum pension or guaranteed annuity rates. These are likely to be higher than those on the open market and will be lost on transfer to an alternative arrangement.

Sometimes guarantees are available only on a fixed date or with other restrictions such as no protection on your death.

Depending upon the size of the pension fund you could choose a combination of these retirement options to align benefits to

your needs. Before making any choice, you should:

- Think carefully about the way you wish to live your life. Are you planning to continue working, even part-time? Are you planning to do lots at the start of your retirement or do you wish to plan to have more available later in life?
- What is the minimum amount of income you will need and how would you cope if your income suddenly reduced drastically?
- How is your health? Do you have a history of poor health or a condition which is likely to improve? Do you smoke or have any health problems or certain lifestyle choices that could enhance your income?
- Do you have financial dependents you wish to protect?

Getting financial advice will help to ensure you don't miss out on options which could enhance the tax-free cash and income you receive for the rest of your lifetime.

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Published on 12th March 2012