Decisions, decisions

Your pension options

Helping you make an informed choice

Not so long ago, many people had fairly limited choice in what to do with their pension at retirement. These days, you've got a whole world of options.

This is exciting. But it also needs careful consideration of what is the right choice for you. So we've written this guide to help you weigh up your options – in the clearest and simplest way possible. This guide is not intended as advice or to give you a recommendation on which option to choose, but to give you the information you need to help you make an informed choice.

This guide is for customers with United Kingdom pension arrangements. If you don't have a United Kingdom pension arrangement some of the information may not apply.

If you need more information on this, please contact us. You can find our contact details on **pru.co.uk/contact-us**

Checklist

This checklist applies if you're fully retiring, partially retiring, or just thinking of taking some of your pension pot early.

- [ ] 1. Read this **guide** on our website or the **guides** available from MoneyHelper.
- [ ] 2. Check your retirement date and pension pot(s) size(s) on your pension statements. Find out how much State Pension you expect to receive.
- [ ] 3. Read all information sent by your pension providers and ask them to explain anything you don't understand, or speak to your financial adviser,
- [ ] 4. Check if your pension has any valuable guarantees or special features that might be lost or reduced depending on the option you choose.
- [ ] 5. Book a free appointment with Pension Wise, a government service from MoneyHelper. We recommend that you get financial advice too.
- [ ] 6 Shop around to compare options from different providers, to make sure what you decide is right for you.

Contents

We're here to help

Deciding what to do with your pension can be challenging, but you don't have to do it on your own. It's important that you know that not only are we here to help, there are other, independent organisations that can offer information, guidance and advice. And we'll tell you more about them later in this guide.

For now, we want to help you understand what the different options are, the upsides and downsides of each, the level of risk associated with them, the tax implications, and how they compare with each other. And we'll explain what you need to consider when deciding what to do with your money.

We would also want to highlight the importance of:

- Getting advice or guidance
- Shopping around

Getting advice

We always recommend speaking to your adviser if you're not sure when or how you want to access your money, or if investing is right for you. Your adviser is best placed to look at your individual circumstances and recommend what is right for you. If you don't have an adviser, you can find one at **unbiased.co.uk**

Getting guidance

Pension Wise is a free and impartial government service from MoneyHelper to help you understand your options at retirement. They won't make recommendations or tell you how to invest your money, but will provide information on a range of available pension options. You can use their online tools, talk to them live or call them on **0800 820 8880**. You can visit their website **pensionwise.gov.uk**

Shopping around is important

When deciding what to do with your pension pot, it's important to remember that each option might have different tax implications and pension providers offer different products with alternative options or features (including the product terms, rates, **funds** or charges) that might be more appropriate for your individual needs and circumstances.

It's important you shop around so that whatever you decide to do – whether that's a guaranteed income for life (also known as an **annuity**), flexible cash or income (also known as **drawdown**) or something else, it's the right decision for you.

For some products, like annuities (also known as a guaranteed income for life), it's important to shop around so you can get the highest possible income. Yours or your partner's health and lifestyle can increase the amount of income you or your partner can get. Different providers might use different criteria to assess you or your partner's health and lifestyle conditions. This is known as an **enhanced annuity**. Prudential do not offer enhanced annuities but you might qualify for an enhanced annuity with another provider and get a higher income. That's why we would always recommend you shop around.

Your financial adviser will be able to help you with this, or you can use **MoneyHelper**, for example.

As you read through this brochure, you'll see some words or terms in bold, We've provided explanations for these terms on page 18.

6 things to consider before you make a decision

1. How long you'll need your money to last

Life expectancy has increased in the UK over the last 40 years, with many people living to 90 or even 100, you need to think about how long you need your money to last. So when you're deciding when and how to take money from your pension, you need to make sure you have enough money to live on for the rest of your life.

2. How long you want to keep working

If you're happy to keep working, you could leave your money in your pension pot until you need it, where it has the chance to keep growing, and live off your salary. Or you could cut down your hours and dip into your pension pot to make up the difference. If you do decide to dip into your pension pot then any further contributions will be subject to different tax rules (See Money Purchase Annual Allowance section on page 13).

But remember, while your money is invested in your pension it can go down as well as up in value and you might not get back the amount you put in. You should also consider if you're still invested in the right funds for you.

3. How health and or lifestyle could affect what you get

As mentioned on the previous page, if you and/or your partner have certain health or lifestyle conditions and you choose to buy an annuity, this could increase the income you get – and is something you should consider when choosing which option to go for.

If you have a terminal illness where you're not expected to live for more than a year, you may be able to take your current pension pot entirely tax-free. Contact us to find out more at **pru.co.uk/contact-us**

4. What your living costs might be in the future

Inflation affects the price of everyday goods like bread, milk and fuel causing prices to rise. So your money won't stretch as far in the future, as it does now.

5. How much tax you might pay

Based on when and how you take your money some options can be more tax efficient than others. Depending on the option you go for, 25% is usually tax free.

But if you take money out the remaining 75% you may have to pay income tax on it just like a salary, which could push you into a higher tax bracket. Please note the 25% tax free mentioned doesn't affect your personal allowance (this is the amount of income you can receive before you have to pay tax). The standard Personal Allowance for the current tax year is £12,570.

6. How much you want to leave behind

Some options let you leave either an income or a lump sum to your loved ones, when you die. With a 'joint life' annuity, for example, your partner will keep getting regular payments after you die (but not a lump sum). Or if you go for a different option your loved ones will usually receive whatever is left in your pension pot (which, is also usually tax-free, if you die before 75).

The information in this guide is based on our current understanding of taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any other tax reliefs) depends on individual circumstances.

Option 1: Drawdown

Tax-free money first and taxable money when you need it

With this option, you can take some or all of your tax-free cash first, and then some or all of your taxable money as and when you need it.

You could choose to take out your 25% tax-free cash and the other 75% stays invested for you, giving it a chance to grow. However, it could go down in value too.

You can take money out this way, as single amounts, and/or regular income.

The taxable money – the 75% that's not tax-free – is taxed like a salary.

With this option, any money left in your pot can usually go to your loved ones when you die.

Case study: Sally's story

Sally has £40,000 in her pension pot.

Sally's daughter is about to get married, so her £10,000 tax-free cash (25% of £40,000) will come in handy for that. But that's all she really needs, for the time being.

So Sally's going to leave the other £30,000 (the 75% of her pot that's taxable) invested, and just dip into it every now and then, whenever she needs to.

Later on, she can dip into it whenever she needs some money, take what's left as regular payments, or use it to buy an annuity (a guaranteed income for life). She doesn't have to decide now. Her money is invested so it could grow in value but it could go down in value too – and she could get back less than the £30,000.

The payments from Sally's £30,000 may be subject to tax depending on her circumstances, when and how she takes her payments and how much she takes.

The upsides

In most cases you can take up to 25% in tax-free cash

You don't have to take the full 25% tax-free amount in one go, you can take that in stages, if you prefer.

You decide how and when to take the rest of your money

You can dip into your pension pot as and when you need to. Or take a regular income (a bit like a salary).

Potential tax efficiency – the impact of tax

To help you minimise the tax you pay, you can take the rest of your money whenever you like. So, for example, you can take it over a number of different tax years. Taking your money over a number of tax years could help you to potentially control the tax you might pay.

You can decide which funds to invest in

You can invest in funds that match the amount of risk you're comfortable with – although you may wish to take advice before deciding which funds to invest in. Your financial adviser can help you with this, And you can usually switch funds.

You can leave whatever's left when you pass away, to your family

If you die before you turn 75, they won't usually have to pay any tax on it. But if you're 75 or older when you die, they'll be taxed on it in the same way as any other income they receive.

Option 1: Drawdown (cont'd)

The downsides

You could run out of money before you pass away.
If you leave money invested and it doesn't perform well, or you take out too much money over time, you may not leave yourself with enough money to last for the rest of your lifetime and you'll have to rely on other sources of income, like the state pension. You'll need to manage that carefully.

It isn't guaranteed to grow
You'll need to keep an eye on any money that remains invested now and in the future. If the funds you've chosen don't perform as well as you'd hoped, your pension pot could drop in value – and you could end up with less than you started with.

If you take out more than 25%, it could push you into a higher tax bracket
In the eyes of HMRC any money you take, over and above your tax-free cash will count as part of your income for the tax year you take it in – along with your salary, benefits, State Pension and so on – so you could end up paying a higher rate of tax.

You could lose some or all of your state benefits or have to repay debt
If you claim any benefits that are based on your income or savings, like housing benefit or income support, you might lose some or all of those by taking a big lump sum or if it is considered you have spent it unwisely. You may also have certain debts where the creditor has a right to any cash you take (e.g. bankruptcy), so you might need to use the money you get to pay them off. You should speak to the relevant agency before making any decision.

These are examples only, they're not recommendations and don't cover all your options. There's more information on other options later in the guide.

Please note: Not all options may be available with your current pension. You may need to transfer to another product or provider and product restrictions, including minimum investment, may apply.

The tax you pay will depend on your individual circumstances and where you live. Tax rules can also change.

Option 2: Annuity

A guaranteed income for life

With this option you can take tax-free cash (usually up to 25% of your pot), and the remainder is used to buy an annuity, which will give you a guaranteed regular income for the rest of your life. This income is taxed, like a salary would be.

With this option, you can usually choose to leave a regular income to your loved one – you can't normally leave a lump sum.

Case study: Simon's story

Simon has a pension pot of £40,000

He's retiring and wants to have a holiday in Italy for his 60th birthday. So he'll use some of his £10,000 tax-free cash for that.

Simon doesn't have any children or close family, so he's not worried about leaving any pension as a lump sum. But he's worried about making his pension last his whole life, because his father lived to age 90. So he's going to use the remaining £30,000 to buy a guaranteed income for life that will pay him £108 a month until he dies – even if he lives to 120. As it's an income, Simon's monthly payment may be subject to tax – it depends on his circumstances.

We've assumed that Simon has no health or lifestyle conditions, he's decided not to leave money to a loved one, and he wants to receive the same amount every month. If Simon did have certain health and lifestyle conditions, it could increase the income he'd receive.

This example is based on age 60, pension size today of £30,000, generic annuity rates and current tax rates, and does not take into account any guarantees Simon may have.

The upsides

In most cases you can take up to 25% in cash, tax-free
But you have to take it in one go from what you put into your annuity plan at the start and you will be taxed on the income, like a salary.

You'll get a regular income for the rest of your life
So you'll never have to worry about your money running out, even if you make it to over 100.

There are ways you can help protect against the effects of inflation
You can choose a type of annuity where your income changes, year by year – in line with inflation. Or at the start you can choose an increase by a set percentage, but this isn't guaranteed to keep in line with inflation.

Some annuities pay to your loved one after you die
You can buy a joint life annuity, which lets you nominate someone (usually your partner), who'll keep getting regular payments after you die, until they die. Or you can choose a guarantee period, which means your annuity income will keep paying out for a set number of years, after you take your annuity, even if you die during that time.

You might get a higher income because of your health or lifestyle through what's known as an enhanced annuity
If you and/or your loved one (if joint life) have, or have had, certain health or lifestyle conditions, this reduces the amount of time a provider expects you to live – so they might pay you more as they expect to be paying out for a shorter time.

Option 2: Annuity (cont'd)

The downsides

You can't change your mind

Once you are past the cancellation period after you buy an annuity, there's no going back – you can't choose a different option, you can't change how much you get, how often you get it, or take a lump sum later on.

If inflation goes up, your money might not stretch as far

If you choose a level annuity that stays the same year after year, or an annuity that increases by a set percentage, and the cost of living goes up, your money might buy you less.

The choices you make at the start of the plan may mean you get a lower income to start with

If you choose to have an inflation-linked annuity, for example, you may receive a lower amount than you would with a level annuity, at the start of taking your income.

You might have to pay tax on your regular payments

In the eyes of HMRC, your regular payments are the same as any other income, like a salary or the State Pension. If they take you over your personal allowance, you may have to pay income tax on them.

It may be years before you get back what you've paid in

It depends on how long you live and how many payments you get before you die. So the total income you receive may be less than the amount you used to buy your annuity. Unless you've chosen a joint life or guaranteed period, your payments will normally stop when you die – and there will usually be no lump sum to pass on to your family.

You could lose some or all of your state benefits or have to repay debt

If you claim any benefits that are based on your income or savings, like housing benefit or income support, you might lose some or all of those by taking a big lump sum or if it's considered you have spent it unwisely. You may also have certain debts where the creditor has a right to any cash you take (eg bankruptcy), so you might need to use the money you get to pay them off. Before making any decision you should speak to the relevant agency.

The main types of annuities

Lifetime annuities: These provide an income for the rest of your life (or for a dependant when you die if you choose a joint life policy). You can choose, for example, to have a fixed level of income or increasing payments, or a guarantee period that ensures your income continues for a set period of time even if you die during it, or value protection that ensures a lump sum goes to any beneficiaries if you die before you've received back (in income) the full amount used to buy your annuity.

Both health and lifestyle conditions can increase your income if you choose an annuity. This is called an "enhanced annuity". Find out more on page 13.

Fixed-term guaranteed annuities: Instead of opting for a guaranteed income paid out for life, you can choose to have it paid for a set term, usually between 3 and 25 years.

Investment-linked annuities: They offer a chance of a higher income but only by taking extra risk. You can still choose a fixed-term or lifetime annuity, but the level of income you get isn't guaranteed. Your income could reduce if the fund doesn't perform as expected. If you're considering this option, look at what your provider can offer and then get financial advice.

Please remember: Prudential don't offer enhanced annuities. But you might qualify for an enhanced annuity with another provider and get a higher income. When you're shopping around, you can get quotes for different types of annuities so that you can compare them. Find out more by requesting a free, printed copy of the guide at **pru.co.uk/moneyhelper**

Option 3: Lump sum

Tax-free and taxable money at the same time

With this option, when you take some or all of your money, it must be taken as a combination of tax-free and taxable money at the same time.

This means each time you take money out, usually up to 25% of the amount will be tax free and the other 75% will be taxed like a salary.

Any money left in your pension pot is invested for you, giving it the chance to grow. However, as with any investment, it could go down in value too and you might not get back what you put in.

You can take money out this way as single amounts, regular amounts or both, and any money left in your pot can usually go to your loved ones when you die.

Case study: Scott's story

Scott has a pension pot of £40,000

He's got his eye on a new car, so he'll use his £10,000 tax-free cash to pay for that. But he doesn't want to leave the rest sitting in his pension. He wants to spend his cash right away on some urgent home repairs, and is able to do so as he has another pension to fund his retirement.

Because he's taking it all in one go, he has to pay income tax on it. And as a higher rate tax payer and still earning, Scott will be taxed at 40% (or 42% if he's a Scottish Rate tax payer). So taking all his pot at once means he could pay up to £12,000 in tax, meaning he'll only receive around £18,000 from the remaining £30,000.

If Scott was in a lower tax bracket or not earning and didn't have any other income, the £30,000 would still be taxed like a salary.

He'll have nothing left in his pot to leave to loved ones when he dies.

If Scott hadn't needed all the money now, he could have taken the money in stages. This could make it more tax efficient if he's paying a lower rate of tax in the future.

Every time he takes a lump sum from his pension pot, the first 25% will be tax-free.

The upsides

In most cases, up to 25% of each amount you take is tax-free

When you take your cash, the first 25% of each lump sum will be tax-free but the rest may be subject to tax.

You decide how and when to take the rest of your money

You can dip into your pension pot as and when you need to.

Potential tax efficiency by taking it in stages – the impact of tax

If you choose to take your cash in stages, to help minimise the tax you pay, you can take the rest of your money whenever you like. So for example, you can take it over a number of different tax years. Taking your money over a number of tax years could potentially help control the tax you might pay.

Option 3: Lump sum (cont'd)

You decide which funds to invest in

You can invest in funds that match the amount of risk you're comfortable with. And you can usually switch funds.

You can leave whatever is left when you pass away

Your loved ones will usually receive whatever is left in your pension pot. If you die before you turn 75, they won't usually have to pay any income tax on it. But if you're 75 or older when you die, they'll be taxed on it in the same way as any other income they receive.

Depending on the type of plan you have – and whether or not you have accessed your pension pot – it could automatically be left to your estate.

The downsides

You could run out of money before you die

If you leave money invested and it doesn't perform well, or you take out too much over time you could end up running out of money and have to rely on other sources of income, like the State Pension. You'll need to manage that carefully.

Your money isn't guaranteed to grow

You'll need to keep an eye on any money that remains invested now and in the future. If the funds you've chosen do badly, your pension pot could drop in value and you could end up with less than you started with.

It could push you into a higher tax bracket

In the eyes of HMRC any money you take, over and above your tax-free cash, will count as part of your income for the tax year you take it in – along with your salary, benefits, State Pension and so on – so you could end up paying a higher rate of tax.

You could lose some or all of your state benefits or have to repay debt

If you claim any benefits that are based on your income or savings, like housing benefit or income support, you might lose some or all of those by taking a big lump sum or if it's considered you have spent it unwisely. You may also have certain debts where the creditor has a right to any cash you take (eg bankruptcy), so you might need to use the money you get to pay them off. Before making any decision you should speak to the relevant agency.

Other options

Of course you don't have to choose any of these options. There are other options you may want to consider – it's entirely your choice.

Leave it alone

Currently, the earliest you can usually take your pension is at age 55 (age 57 from 2028/29 tax year), but you don't have to. This is not a deadline. If you don't need the money, it can stay invested, giving it the chance to grow, but as with any investment, it could go down in value too and you might not get back what you put in.

And if you're still paying into your pension, you can keep paying into it and benefit from tax-relief – until age 75. And when the time is right, you can decide how to access your money.

If you do decide to do nothing, we recommend you regularly review your plan to make sure this is the right decision for you.

Mix your options

You can choose more than one option.

You may want to combine options, even if you only have one pension pot. For example, you may want to use part of it to buy an annuity, giving you a guaranteed income for life, and leave the rest invested for now.

You'll find more information on the different options and how they compare, on page 14.

Please note: not all these options may be available with your current plan. You may need to transfer to another product or provider and product restrictions including minimum investment may apply.

What happens if you've got a smaller pension?

Pensions of £10,000 or less, are known as 'small pots'.

If you have one or more small pensions, you may be able to take them as cash lump sums – up to three small pots of £10,000 each for personal pensions and an unlimited number from company pension schemes, subject to the rules of each pension scheme.

The first 25% would usually be paid tax-free and the remaining 75% would be taxed as income and cash lump sums taken under the small pots rules will not affect your **Money Purchase Annual Allowance (MPAA)**.

If you have a pension pot of less than £10,000 and would like to take cash lump sums, please speak to your financial adviser, or get in touch with us.

Taxation and how it could affect you

The tax you may pay and the exact amount you get will depend on your individual circumstances and whether your provider has to apply emergency tax to your payment, some or all of which you'll have to claim or pay back from HMRC. Actual retirement options and the amount you receive will depend on the type of pensions you have, your circumstances and rates available when you take your pension. To find out more visit **hmrc.gov.uk**

Money Purchase Annual Allowance (MPAA)

Everyone has an annual allowance which restricts how much you can pay into your pension pot each year.

But once you've started to draw your pension (with a few exceptions), this annual allowance is replaced by the MPAA.

The MPAA is £10,000 for the current tax year and was created to stop people from trying to avoid tax on current earnings or gain tax relief twice, by withdrawing pension savings and then paying them straight back in again.

The MPAA is applied in different ways, depending on the tax year, and kicks in as soon as you start to draw your pension. MPAA only applies to contributions you make to your pension, after the date it has been triggered. And in every tax year after that, all contributions will be covered by MPAA.

It's really important that you get information and advice on this before you decide how to take your pension.

Your adviser will be able to answer any questions you have and you can also get information from the Money Advice Service.

For more information, please visit the HMRC website at **gov.uk**

How the main options compare

	Drawdown	Annuity	Lump sum
Can you usually take 25% tax-free?	Yes	Yes – at the start.	Yes, of each amount you take.
Will you have to pay tax?*	You can usually take the first 25% tax-free. But you may have to pay income tax on whatever you take out, after that.	You can usually take the first 25% tax-free. But you may have to pay income tax on the regular income you receive, after that.	You will receive the first 25% of each withdrawal, tax-free, but you may have to pay income tax on the remaining 75% of each withdrawal.
Do I have to take the other 75% of the amount I want at the same time?	No, this can stay invested.	This will be paid to you as an income.	Yes, and this will be taxed like a salary.
Can you take it in stages? (You may have to move it to a new plan to do this)	Yes. You can dip into your plan as and when you need to or take a regular income.	No, regular payments will be set up at the start of the plan.	Yes, you can dip into your pension pot as and when you need to.
Could you run out of money before you die?	Yes	No	Yes
If you used your pension to take an income, what happens to that income when you die?	If you've money left, your loved one(s) can choose to take it as a lump sum or to receive flexible or guaranteed income for life payments.	Your income stops when you die. If at the start you choose to provide for a loved one – for example with a joint life or guarantee period – your income payments will continue going to your loved one until they die, or the guarantee period ends.	You do not get an income with this option. Your loved one(s) will usually receive what's left in your pension pot. Depending on your provider's rules there may be options on how this money can be taken.
Will your loved one(s) get a lump sum when you die?	If you've money left, your loved one(s) can choose to take it as a lump sum, or receive flexible or guaranteed income for life payments. Any nominated beneficiaries who are Non-UK residents when death benefits become payable, will not be able to take drawdown payments.	Usually no-one will get a lump sum.	If you've money left, your loved one(s) can choose to take a lump sum, or receive flexible or guaranteed income for life payments. Depending on your provider's rules there may be options on how this money can be taken. Any nominated beneficiaries who are Non-UK residents when death benefits become payable, will not be able to take drawdown payments.

**The amount you take out could be subject to Emergency Tax.*

Why not use our emergency tax calculator which can give you an idea how much Emergency Tax you could end up paying. You will have to claim or pay any difference in tax to HMRC. You can find this calculator on **pru.co.uk/emergency-tax**

	Drawdown	Annuity	Lump sum
Will your loved one(s) have to pay income tax on what you leave them?	Usually if you die before turning 75, no. If you are 75 or older, yes.	If you choose a joint life, guarantee period or value protection, they may have to pay tax on whatever you leave them.	Usually if you die before turning 75, no. If you are 75 or older, yes.
Will you have to manage where your fund is invested, now and in the future?	Yes. You can decide which funds to invest in, that match the amount of risk you're comfortable with.	No	Yes. You can decide which funds to invest in, that match the amount of risk you're comfortable with.
Can I do something different later on?	Yes. You can take out some or all of your money whenever you like, and still buy a guaranteed income for life later on if you still have money in your plan. If you do decide to buy a guaranteed income at a later date, the rates may be different.	No, you have to choose which options you want to take (eg joint life, guaranteed period, value protection, inflation-linked) at the start.	Yes. You can choose what to do with any money left in your pension pot. If you decide to buy an annuity at a later date, rates may be different. You can also move your money into a drawdown plan, there may be restrictions and minimum amounts may apply.
Are you protected from inflation?	No. There's no guarantee your pension pot will grow fast enough to keep up with inflation (or grow at all).	No, unless you choose to take an option such as inflation-linked at the start.	No. There's no guarantee what's left in your pension pot will grow fast enough to keep up with inflation (or grow at all).
What if you have a guarantee on your pension, e.g. a Guaranteed Annuity Rate or Minimum Income Guarantee	You'll lose some or all of it.	You may be able to get a higher income with your existing pension provider, depending on annuity rates available at the time.	You'll lose some or all of it.
Can you get a higher income if you or your loved one (if joint life) have or have had certain health or lifestyle conditions?	No.	Yes. You could get a higher income if you or your loved one (if joint life) have, or have had, certain health or lifestyle conditions. Different providers use different criteria and cover different conditions. So you should shop around so you can make the right decision.	No.

The information in this table does not take into account any other forms of income you may have.

What to do next

Whether you know what you want to do, or need more information on your options, we're here to help

Speaking to your adviser or getting guidance, could help you understand all your retirement options.

We recommend you get advice or guidance

Getting advice

Your adviser is best placed to look at your individual circumstances and recommend what is right for you, especially if you're unsure when or how you want to access your money, or if investing is right for you. If you don't have an adviser, you can find one at **unbiased.co.uk**

Getting guidance

Pension Wise is a free and impartial government service from MoneyHelper to help you understand your options at retirement. They won't make recommendations or tell you how to invest your money, but will provide information on a range of available pension options.

You can visit **moneyhelper.org.uk** or call **0800 022 3797.**

Or, if you want to arrange an appointment to speak to a pension specialist, you can visit **moneyhelper.org.uk/pensionwise** or call **0800 280 8880**.

Find out more on our website.

Go online to **pru.co.uk** to find our more about your retirement options or if you've not already you can register to use our Online Services. Once registered you can quickly see your plan information and value.

Or you can contact us. Only your adviser can recommend the best option for you, but we can give you information to allow you to make an informed decision. You can find our contact details on **pru.co.uk**

Importance of shopping around

It's important to remember that the retirement options you get from your pension provider might not be the best for you. It's always worth comparing what you can get from other providers too, because you might be able to get a better deal.

If you decide to take money out

It's important you've considered all the options carefully and have chosen the right one for you. We'd recommend completing the checklist on page 2 before making any decisions.

You'll find a whole section on our website at **pru.co.uk/pensions-retirement** about pensions and retirement. This includes calculators, case studies, guides and articles which can help you decide which option would be the best one for you.

Keep track of your pension online

Our online service allows you to manage your pension whenever you like. Registering also means going paperless. So as well as being able to view important documents like your annual statement, change personal details and contact us securely, you'll be helping the environment. Go to **pru.co.uk/online** to login or register.

Contact us

And once you've decided which option is the right one for you, you can get in touch with us or your adviser. You'll find our contact information in the covering letter you received with this guide or on **pru.co.uk/contact-us**

More help if you need it

Here are some independent organisations which can provide information, guidance or advice on your pension – and your pension options – if you need more help.

HMRC

Tax can be a complicated subject. To find out more about anything to do with tax, visit **hmrc.gov.uk**

or call **0300 2003 300.**

Pension Tracing Service

If you're not sure if you have any other pensions you can contact:

The Pension Tracing Service (Monday-Friday, 8am-6pm)
Telephone: **0800 731 0193** or **+44 (0)191 215 4491** from outside the UK.

Textphone: **0800 731 0176**

Or go to **gov.uk/find-pension-contact-details** and follow the steps.

Citizens Advice Bureau

You can contact Citizens Advice Bureau who are an independent charity offering support online, over the telephone or face to face giving free, confidential information and advice to assist people with money, legal, consumer and other problems. They may be able to offer you additional support and information. You can call them on **0344 411 1444**. Visit their website **citizensadvice.org.uk**

So, just to recap...

You can access your pension savings whenever you like after you're 55 (57 from 6 April 2028, unless you have a protected pension age).

You can leave the money until you're ready.

When you do want to start taking the money, you have a number of options.

We strongly recommend that you get advice from a financial adviser.

We strongly recommend that you use Pension Wise for a Government service from MoneyHelper for free and impartial guidance.

It's very important you shop around, so that whatever you decide to do, it's right for you.

This guide is designed to give you the information you need to help you make an informed decision. And we recommend you go to the information sources we've suggested to find out more.

Some terms explained

Annuity

An annuity is a financial product that pays you a guaranteed income for a fixed period or for the rest of your life. When you retire, you can choose to use some or all of your pension savings to buy an annuity.

Defined Contribution

See 'Money Purchase'.

Drawdown

Drawdown is one of the main options for accessing your pension savings in retirement. From the age of 55 you can convert your pension to a drawdown pension, which keeps your money invested for longer. At the same time, you can take your pension flexibly, withdrawing money whenever you need it. Income drawdown allows you to draw down your pension without accessing all your retirement savings in one go.

Enhanced annuity

An enhanced annuity is an annuity that provides a higher than normal level of income. The level of income paid out is based on your state of health or lifestyle factors that could reduce your life expectancy, such as smoking, obesity or illness.

Funds

A 'fund' is another way to buy shares – but instead of you buying a slice of a company directly, you give your cash to a specialist manager who 'pools' it with money from other investors, like you, to go and buy a job lot of shares in the stock market (effectively investing in assets like stocks are shares, bonds and property) with the ultimate aim of delivering strong returns for its investors.

Inflation

Inflation is the increase in prices you pay for the same products over time, whether a tangible item like a loaf of bread, or a service, such as getting a haircut.

Money Purchase

Also known as a defined contribution pension, where you build up a pot of money that you can use to provide an income in retirement. The money you put in while you're working is invested, and the amount you receive when you stop working, depends on how well the investments perform.

Money Purchase Annual Allowance (MPAA)

The MPAA represents a limit on the amount you can pay into your pension and still receive tax relief and replaces your annual allowance when you start to access your pension pot(s).

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