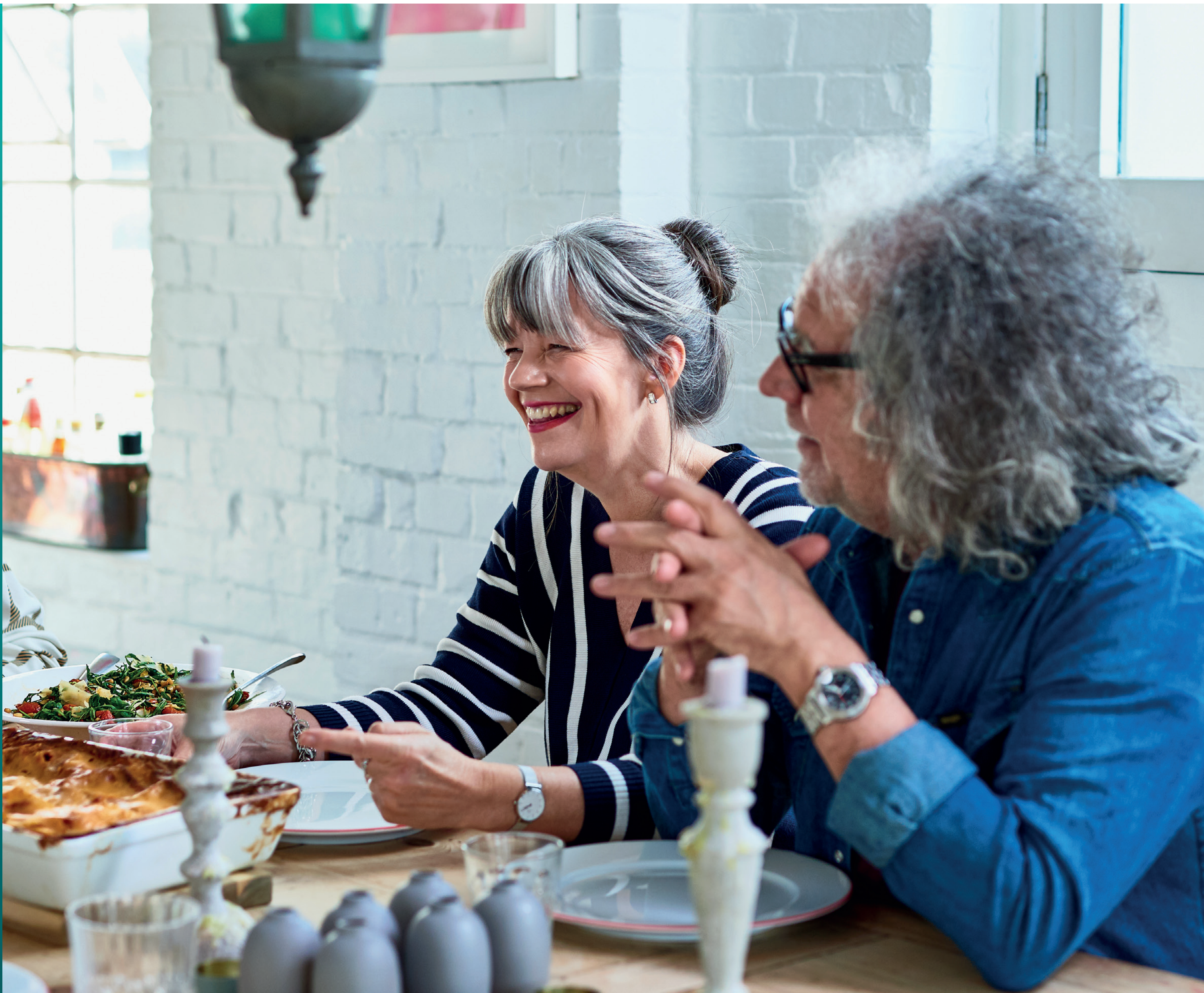
Your pension, your choice

What could you do with your pension?



Introduction

This guide provides impartial information to help you make an informed decision

It's designed to show you **the options you have to choose from in the entire marketplace**, rather than specifically what we can offer you at Prudential. It's **not intended as advice nor to give you a recommendation** on which option to choose, but instead to provide you with information so that you can **make an informed decision that's right for your needs.**

If you'd **prefer to read a guide from an organisation set up by the Government**, MoneyHelper has a guide called 'Your pension: your choices' containing similar information to what's in this guide. You can get a free, printed copy on the MoneyHelper website at **moneyhelper.apsmos.com/Home.html**

To get to the guide, click on the tab "View all guides" and filter to "Pensions and retirement". You can then download the guide for free. There's more information about **MoneyHelper** on page 17.

Helping you with your decision

These days you have a number of options for what to do with your pension at retirement.

We outline them in this guide, along with details about where you can get more information, guidance and financial advice, to help you make a decision.

This guide is for customers with UK pension arrangements.

We'll explain:

- **your options**
- **how to shop around**
- **where to get more help, guidance and advice**

We might not be able to offer these options to you, because of your fund value or the range of options we offer. Other providers might have alternative choices to offer you. If that's the case, you might be able to transfer to another provider.

That's why it's important to shop around – and we'll cover that later.

You could have some restrictions on your plan and things you'll need to consider. These could be things like the minimum amount you can invest, and any guarantees or charges you might have on your plan. You can find this in your plan documents or you can contact us.

Getting financial advice and guidance

We strongly recommend you get guidance and financial advice to help you understand your retirement options:

Getting financial advice

Before making any decisions you should speak to a financial adviser. They can advise you what to do. Find out more on page 17.

Getting guidance

Pension Wise is a government service from MoneyHelper that offers free and impartial guidance to help you understand your retirement options. Find out more on page 17.

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.

How do you decide?

Let's firstly look at some of the more general things you might want to think about, before we look at the options you have to choose from. You have to consider things like what other money you'll have coming in, how you want to live once you're retired, and whether you'll want to leave any money to anyone. Try asking yourself these questions:

? How long will you need your money to last?

People generally live longer these days. If you don't have any income or savings other than your pension, you'll be relying on it for the rest of your life. Prices could go up with the effect of inflation and impact the buying power of your money. You'll also need to think about your health and lifestyle as they might influence what you decide to do.

? How much money will you need?

Your salary might stop when you retire, but what you spend doesn't. You need to factor in that you might still have a mortgage or rent to pay. You'll need to cover bills, day-to-day things like food and transport, as well as extras like hobbies. And you need to consider that prices go up over time with inflation, so the money you have today might be worth less in a few years.

? How much state pension will you get?

When you get to state pension age, you can claim your regular payment from the Government. How much you get depends on how much National Insurance you've paid over the years. You can find out what you might get, and when you can start claiming, by using the Check your State Pension service to see what they predict you'll get. Go to: **yourpension.gov.uk** to look into it.

? How long do you want to keep working?

You can carry on working for longer. You can live off the money you make from that and leave your pension pot invested. Or you could work fewer hours and start dipping into your pension pot while you're still working. Either way, remember that any money you leave invested 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 funds that are right for you.

? How much tax might you pay?

You might need to pay tax depending on your circumstances and the options you choose. Tax rules can also change in the future.

? How much do you want to leave behind?

Do you have family? Do you have dependants? If you have a partner, do they need an income? Some options let you leave a lump sum when you die, others let you leave an income but not a lump sum. It's important to think about what's important to you and if the option you choose for your pension will give you what you're looking for when you die.

? How could health or lifestyle affect what you get?

If you and/or your partner have certain health or lifestyle conditions, this could increase your income if you choose an annuity. This is called an "enhanced annuity". That's why it's important to shop around. Find out more about enhanced annuities and shopping around on page 16 of this guide.

So what are your options?

You have **three** main options – we cover these in the next few pages. What you decide to do should be right for you. Turn the page to start exploring your options.

Your retirement options explained

Access helpful information online

Planning for your retirement is an exciting time but we recognise there's a lot to take in. That's why we want to support you through the next steps by helping you understand all the retirement options available to you.

It's not intended as advice or to influence you to make a decision on which option to choose, but instead, provide you with information so that you can make your own decision and what is right for you.

Please read the information in this brochure to find out about your options.

You can also access helpful video content and other information, including details of your potential next steps, by visiting **mandg.com/pru/accesspension,** or by scanning the above QR code with the camera on your phone.

We're here to help no matter what decision you come to, but please note that we might not offer all the retirement options we talk about. For example, if your preferred option is 'drawdown' and your product doesn't allow for this, you'll generally need to go through a financial adviser to find the best solution, either from Prudential or another provider. Some providers might offer drawdown without the need to take financial advice. See page 11 for more information about this option.

For details of how to shop around and get advice or guidance, see pages 16 and 17.

You have three main options – we cover these here in no particular order. What you decide to do should be right for you. You can choose to combine them if you like.

Take a combination of tax-free and taxable money at the same time. This is also known as "take some or all of your pension as cash".

How it works

You can take the money in one go as a single lump sum or you can take it as a series of lump sums. The first 25% of any lump sum is usually tax-free but you'll be taxed on the rest.

This means that for every lump sum you take this way, you could be taxed on 75% of it. The tax you'll pay depends on your circumstances and what you choose to do. Tax rules can change in the future. Depending on how you choose to take your money as cash, you might need to transfer to a new plan.

Why you might like it

- You can decide how and when to take your money, in one go or in stages.
- If you decide to take your money out in stages, you can control how much tax you pay by spreading the amounts out over different tax years.
- If you decide to take your money out in stages, you can also leave some of your money invested so it could grow, and you will have the option to choose your funds.
- If you decide to take it in stages, you can also usually leave what's left in your pot to your beneficiaries when you die. They can choose to take it as a lifetime annuity, a cash lump sum or through flexible drawdown. (These terms are explained in this brochure.) If you die before age 75, it will be paid to your beneficiaries tax-free, and if you die age 75 or older, all payments will be subject to income tax at their marginal rate.

Do you have a smaller pension pot?

There are slightly different rules for what are called “small pots”. You might be able to take three small pots of up to £10,000 each from different personal pension plans and one from each occupational pension plan you hold. With each cash lump sum payment, you can usually get 25% tax free and the remaining 75% is taxed as income. This may put you in a higher tax bracket, depending on any other income you have.

You can take small pots irrespective of any other pension benefits and they don’t count towards the Lump Sum Allowance (this is the amount you can usually take tax-free from your pension over your lifetime). Unlike other options, if you’re still contributing to a pension, taking a small pot lump sum won’t change the amount you can pay into a pension plan before incurring tax charges. However, taking money from your pension pots could affect any state benefits you get. Means-tested benefits are worked out based on how much income and capital (money in savings or investments) you have.

Things to consider

There are some tax implications to think about...

- When you take out more than 25% as cash it will be taxed as income in the year you take it out, so you could pay a higher rate of tax on this and any other income you get.
- Taking your whole pot as cash could land you with a large tax bill.
- If you take your money out in stages, you can’t take the full tax-free lump sum at the start. Or if you take the full pot in one go at the start, you won’t be able to change your mind.
- The amount you take out could be subject to emergency tax. You’ll have to claim back or pay any difference in tax to HMRC.
- By taking money out of your plan, you might limit what you can save into a pension in the future. Find out more on page 15.
- Prior to the 6 April 2024, there was a limit to the total amount of pension benefits that could be drawn before you incur a tax charge. This was known as the Lifetime Allowance. This has now been replaced with two new allowances: The Lump Sum Allowance (LSA) and the Lump Sum and Death Benefit Allowance (LSDBA). For more information on these allowances please visit **pru.co.uk/tax**

Consider the potential impacts of your decision...

- You could lose all or some of your state benefits, now or later in life, or have to repay debt. It could reduce entitlements, for example, to help with long-term care needs. Find out more at **moneyhelper.org.uk/en/benefits**
- Using a lump sum to clear debts or make a big purchase would reduce the money you’d have to live on in retirement and you could end up paying more tax than you need to. Find out about other ways to pay off debt at **moneyhelper.org.uk/debt**
- If your pension plan has any valuable guarantees or features, they might be lost or reduced if you cash in your pot.
- If you’ve received a share of a pension as a result of divorce, you may not be able to take that full pension pot in cash.
- When you die, any money remaining or investments bought with cash from your pension pot will count as part of your estate for Inheritance Tax. Any untouched part of your pot would not normally be liable. Find out more at **pru.co.uk/tax**

Make sure you consider the sustainability of your pension savings...

- If you don't have any other income, you'll need to make sure the money lasts all the way through your retirement, so you don't run out. Taking your pension as a lump sum may leave you with no regular income other than the State Pension.
- This option won't provide a regular income for any dependants after you die.
- You'll need to keep an eye on any money you keep invested and review the funds you invest in. The value of your investment can go down as well as up so you might get back less than you put in. If you take more money from the plan than the amount your investment has grown by, the value of your investment will be less than you've put in.
- You'll still have to pay charges on any money left invested.
- The value of money you take out could be impacted by inflation. As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now.
- There may be charges for cashing in your pot or limits on how many withdrawals you can make. Charges for taking a number of cash lump sums could eat into your remaining pension pot. Ask your provider if any charges might apply.

Take a guaranteed income for life or a fixed term. This is also known as “an annuity”

How it works

You can use your pension pot to buy a guaranteed income for life or a fixed term (called an annuity). It can pay you a regular amount – a bit like a salary. Usually you can take up to 25% of the money as tax-free cash, which you’ll need to do at the start of your plan. But then you might have to pay income tax on the payments you get after that depending on your circumstances.

Usually the older you are when you buy a lifetime annuity, the higher the income you’ll get. There are different types of annuity, which can provide different levels of income for you, and possibly for your dependants, depending on the provider you use and the options you select. If you’re not sure whether a particular annuity may be suitable, you should get guidance or financial advice.

Why you might like it

- You can choose to get an income on a regular basis (and you can usually choose the frequency of payments, for example, monthly or quarterly) – so you know exactly how much money you’ll have coming in.
- You can choose to have your income fixed at the same amount throughout life, or the term of your plan, or increasing each year to help keep pace with inflation.
- You’ll get payments for the rest of your life, or the term of your plan, so you know they’ll always be there.
- If you want to provide an income for any dependants after you die, you can consider options such as a joint life annuity or adding a guaranteed payment period, or both. You can also pass on payments to a beneficiary if you choose a guarantee period.
- Be honest when answering questions about your health and lifestyle because if you’ve had certain health or lifestyle conditions, you could get a higher income through what’s known as an “enhanced annuity”.

  An enhanced annuity is only offered on a lifetime annuity. You cannot purchase an enhanced annuity on a fixed term annuity.
- If you buy a lifetime annuity, you can in most cases continue to get tax relief on pension savings of up to the Annual Allowance. This is the limit you can pay into your pension in any one year based on your own, or anyone else’s, contributions on your behalf – like your employer. Find out more at **pru.co.uk/tax**
- You don’t have to buy your existing provider’s annuity product – many people shop around and get a better retirement income from another provider.
- Before looking on the open market, check what’s available from your pension. For example, you may be entitled to a guaranteed annuity rate or guaranteed minimum pension, which are usually very competitive and may provide a higher income. But you should still shop around to compare options.

Things to consider

There are some tax implications to think about…

- You’ll have to pay tax on the income you receive – how much you pay depends on your total income and the income tax rate that applies to you.
- If you buy an annuity that provides for a dependant, they’ll receive an annuity if they outlive you. If you die before age 75 the annuity payments paid will be tax-free, if you die after age 75 then any payments will be taxed as income at their marginal rate. There are other tax rules depending on what type of annuity you’ve bought and your age when you die. Find out more by requesting a free, printed copy of the guide at **pru.co.uk/moneyhelper**.
- To start with, your payments could be subject to emergency tax. You’ll have to claim back or pay any difference in tax to HMRC.

- If the value of all your pension savings is above the Lump Sum Allowance any excess will be taxed just like any other pension income received when you access your pension pot.

Consider the potential impacts of your decision...

- You could lose all or some of your means-tested state benefits (now or later in life).
- If you have a very limited life expectancy, a guaranteed lifetime annuity might not be the right option for you.
- Once you buy a lifetime annuity, you can't change your mind after the cancellation period.
- You have to buy a lifetime annuity within six months of taking your tax-free lump sum but some providers require you to buy it at the same time as taking your lump sum. Please check with your provider.
- Consider topping up your pension pots and/or combining your pension funds to buy a guaranteed income. This could give you a higher income when you retire, but the value could still go down as well as up whilst it's invested, so you may not get back the amount you put in. Combining your pension pots could impact on any guarantees you may have in place with your existing pension provider. We recommend that you get financial advice if you're considering this.
- If you're unsure about committing to a lifetime annuity, you could use another option to start with or go with a fixed-term annuity and buy a lifetime one later in life.

Make sure you consider the sustainability of your pension savings...

- If you want to provide for any dependants – or anyone else – after you die, you need to carefully plan for this.
- If your lifetime annuity is only for you, when you die, you usually can't leave a lump sum to a beneficiary unless you've chosen this option at the start of your plan.
- Choosing some of the options – like a joint life annuity, a guarantee period, or payments rising each year – would mean you get less income at the start.
- If inflation goes up, your money might not stretch as far (unless you've chosen an income that increases each year).
- Some options, like a fixed-term annuity, mean that payments could stop before you die so you might run out of money.
- You might get back less than you paid in, depending on how long you live.
- Buying a lifetime annuity where the income you receive could go down, such as an investment-linked annuity, might limit what you can save into a pension in the future.

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 16.

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 three and 25 years.

Investment-linked annuities: They offer a chance of a higher income but only by taking extra risk. 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.

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**.

Take your tax-free money first and taxable money when you need it (also known as "drawdown")

How it works

You can put your pension pot into flexible retirement income product, known as a drawdown plan. You can take money out either as and when you need it or as a regular income, or you can do both. Depending on where your pension is at the moment, you might need to transfer to a new plan for drawdown and there may be a charge for this.

Why you might like it

- You can usually take 25% of the money as tax-free cash at the start of your plan.
- You've the flexibility to take your money out as a regular income (and you can usually choose the frequency of payments, for example, monthly or quarterly) or when you need it, or you can do both. You can start taking your income straight away or wait until a later date.
- You can manage how much tax you pay. For example, you could spread what you take out over different tax years.
- You can usually leave your money to your beneficiaries when you die.
- You can decide which funds to invest in. And you can usually switch funds.
- You can use some or all of your flexible retirement income funds to buy a guaranteed income for a fixed term or for life (a lifetime annuity) at a later date.

• Things to consider

There are some tax implications to think about...

- If you take out more than 25%, it will be added to any income you have and be taxed as income. This could push you into a higher rate tax bracket depending on your individual circumstances and how much other income you're getting.
- You have to move the rest of your pot into a drawdown product within six months of buying it, or risk a tax charge but some providers require you to do this at the same time as taking your tax-free cash. Please check with your provider.
- Once you start taking income from a drawdown product, the maximum contributions that can be paid into a defined contribution pension scheme (also known as a "money purchase" scheme), and still qualify for tax relief, is limited to the lower of the Money Purchase Annual Allowance (we explain these terms and provide more information on page 15) or 100% of your taxable earnings.
- The tax relief you get for future pension savings is not affected if you take the tax-free lump sum but no income.
- To start with, your payments could be subject to Emergency Tax. You'll have to claim back or pay any difference in tax to HMRC.
- If the value of all your pension savings is above the Lump Sum Allowance any excess will be taxed just like any other pension income received when you access your pension pot.
- When you die, any remaining drawdown funds normally fall outside your estate for Inheritance Tax purposes.
- If you die before age 75, any untouched part of your pension will pass to your beneficiaries tax free. If you die above age 75, any money passed on will be taxed at the beneficiary's marginal tax rate.
- You may need to transfer to a different pension plan to take the drawdown option. If you do this, you might lose any protected tax-free cash benefits.

Consider the potential impacts of your decision...

- The income you receive – and in some cases the value of your remaining drawdown fund and any untouched pension pot – could affect your entitlement to state benefits now or later in life.
- You'll still have to pay charges on the money left invested.
- The income normally isn't guaranteed for life, so you'll have to carefully consider how much you withdraw.
- Depending on what type of pension scheme you have, your pension provider may have to transfer all of your pension pot into a new flexible income product and then pay your tax-free lump sum. If you do this, you might lose any protected tax-free cash benefits you have.

Make sure you consider the sustainability of your pension savings...

- If you don't have any income coming in from anywhere else, you'll need to make sure the money lasts all the way through your retirement, so you don't run out.
- Deciding how much income you can afford takes careful planning. It depends on how long you'll live, how much money you put in from your pension pot, the performance of funds, any other income you have, and whether you want to provide for any dependants – or anyone else – after you die.
- You'll need to keep an eye on any money you keep invested and review the funds you invest in. The value of your investment can go down as well as up so you might get back less than you put in. If you take more money from the plan than the amount your investment has grown by, the value of your investment will be less than you've put in.

Important

Even if you just want to access your tax-free cash for now, you still have to decide what to do with the other 75% of any amount you take from your pension pot. If you don't, it may end up by default in your current provider's drawdown product. This may be the best product for you, but you won't know unless you've compared it to other products on the market.

For example, there may be other products that have lower charges, a wider investment choice, or more flexible features. That's why it's important you shop around. A financial adviser can help you search the market for the best product for you, and help you decide on your investment funds. If you don't take advice and end up in a product that's unsuitable for you, it's unlikely you'll be able to make a complaint. For more information on shopping around and getting a financial adviser's help with this, see page 16.

Option: Mix your options

How it works

You don't have to choose just one of these options. You could mix and match a combination of them if that's the right thing for your needs and circumstances. Other providers might be able to offer you alternative choices. And if you have more than one pension, you can do different things with each of them.

If you have several pots, we recommend getting financial advice to work out how best to use them. An adviser will also be able to tell you when it makes sense to combine pots.

Which option or combination is right for you will depend on your needs and circumstances.

Depending on how you access money from your pension pot, you may only get one chance to take your tax-free amount. For example, if you buy a lifetime annuity or transfer your whole pension pot to a drawdown product and take no tax-free cash at the time you transfer, you can't go back and access a tax-free amount later.

The same rules apply for passing on your remaining pension as already set out for each option.

Option: Keep your savings where they are for now

Why you might like it

- We can usually keep your money invested for you so it could grow, ready for when you decide to take it. If you don't need your money yet, you should carefully consider this option.
- If you're still paying into a pension, you could carry on getting tax relief on your payments. You can get tax relief up to the amount of the Annual Allowance or 100% of your taxable salary, whichever is lower.
- You might be able to keep guarantees or other features in your plan.

Things to consider

- While your money remains invested the value can go down as well as up, so you may not get back what you've put in. If your money doesn't grow over time, inflation could reduce what you can buy in the future. Regularly check that your investment funds are meeting your needs and are performing as you expect.
- There will be ongoing costs for leaving your pot where it is, but there are costs involved in all options.
- You might lose guarantees or other features in your plan, or they may reduce. Check with your provider.
- If you die before age 75, your pension pot will pass tax free to your beneficiaries provided the money is paid within two years of the provider becoming aware of your death. If you die above age 75, tax will apply for the beneficiaries.
- Not all providers will allow you to delay taking your benefits, but you could move your pension – shop around and get advice if you're considering this. If you want your pot to remain invested after age 75, you'll need to check your provider will allow this.
- If you decide to do nothing, we recommend you review your plan to make sure this is the right decision for you.

Your options at a glance

Remember, you can mix these options.

	Take flexible cash or income (drawdown)	Fixed term annuity	Get a guaranteed income for life (annuity)*	Cash in your pension all at once	Take your cash in stages
Can I take 25% tax free?	Yes – at the start [1]	Yes – at the start [1]	Yes – at the start [1]	Yes	Yes
Will I have a regular income?	Depends on how you choose to take flexible income [2]	Yes	Yes	No	No
Will I have a guaranteed income for life?*	No [3]	No	Yes	No	No
Do I need to review my pension pot regularly?	Yes	No	No	N/A	Yes
Could my pension money run out later in retirement?	Yes	Yes	No	Yes	Yes
Could it pay a higher income for medical conditions?	No	No	Yes	N/A	N/A
Can I change my mind and use my pot differently?	Yes	Yes	No	No	Yes [4]
Will my tax rate go up when I access my pot?	Depends on level of income taken and other income.	Depends on level of income taken and other income.	Depends on level of income paid and other income.	Depends on the size of your cash withdrawals and other income.	Depends on the size of your cash withdrawals and other income.
Is tax relief on my pension savings affected?	Yes – once you start to draw an income. [6]	Yes – once you start to draw income.	No [5]	Yes	Yes [6]
Will my dependants get a lump sum when I die?	If you have money left in drawdown, they can take it as a lump sum or as a flexible or guaranteed income for life.	Yes – if your provider offers this option.	Usually no-one will get a lump sum.	N/A	If there's money left, they can usually take it as a lump sum or as a flexible or guaranteed income for life. Options depend on provider rules.
Will my dependants have to pay income tax on what I leave them?	If you die before age 75, usually no. If you die at age 75 or older, yes.	If you die before age 75, usually no. If you die at age 75 or older, yes.	If you die before age 75, usually no. If you die at age 75 or older, yes.	N/A	If you die before age 75, usually no. If you die at age 75 or older, yes.

*If you choose a guaranteed income for a fixed term, income will be guaranteed for the term only not for life

Notes:

1. If you use all of your pot to buy the product and don't take any tax-free cash at the time, you can't go back and take it later. Note that with some older policies a higher rate of tax-free cash might be available.
2. If choosing the flexible retirement income option you can take income at times to suit you, although most people use it to take a regular income.
3. But some providers may offer 'specialist' flexible retirement income products that also guarantee a minimum income for life.
4. The part you've not cashed in continues to grow tax-free and can be used to buy any retirement income product.
5. Your Annual Allowance is not affected unless you take out a lifetime annuity that could decrease (such as an investment linked annuity), in which case your allowance reduces to the Money Purchase Annual Allowance.
6. You can get tax relief on pension contributions each year up to the amount of the Annual Allowance or 100% of your taxable salary, whichever is lower. But if you start taking money from a defined contribution pension scheme, the amount you can pay into a pension each year and still get tax relief reduces to the amount of the Money Purchase Annual Allowance.

Some other things to think about

Still paying in? Be careful about taking money out

Taking money out of your pension pot over and above the tax-free amount can limit how much you, your employer or a third party can pay into any defined contribution (or "money purchase") pension scheme for you in the future without triggering an extra tax charge. (A defined contribution/money purchase pension is one where you build up a pot of money that you can then use to provide an income in retirement.) This limit is called the Money Purchase Annual Allowance (MPAA). The current limit is £10,000 in any tax year.

Taking money out of your pension pot doesn't always trigger MPAA. For example, it won't be triggered if you only take your tax-free amount and place the remainder into drawdown (the MPAA is not triggered until you begin taking the rest of your money). Using some or all of your pension pot to buy a guaranteed income for life won't trigger it. Neither will taking benefits if you're in a defined benefit (final salary) plan.

If your pension pot is below £10,000, you may be able to take the whole pot without triggering the MPAA. You can speak to your pension provider, if you're not sure. If you go over the MPAA, you have to pay a tax charge. The MPAA limit doesn't apply to other types of pensions. You can find out more at **pru.co.uk/tax**

Do you have any guarantees on your pension?

These could be valuable and might make a difference to the value of your pension income, depending on which options you choose. It's important you consider any guarantees you might have before deciding on your options. Depending on the type of guarantee you have, you might need to get financial advice.

Warning! Beware of pension scams

Pension scams are on the increase. Scammers might try to persuade you to cash in your pension and hand the money to them to invest. There are four tips on how you can protect yourself from pension scams below. Find out more about how to protect yourself at **fca.org.uk/scamsmart**

1. **Reject unexpected offers.** If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers.
2. **Check who you're dealing with.** Check the Financial Services Register at **register.fca.org.uk** to make sure that anyone offering you advice or other financial services is authorised by the FCA.
3. **Don't be rushed or pressured.** Take your time to make all the checks you need – even if this means turning down an "amazing deal".
4. **Get impartial information and advice.** There's more information about PensionWise and getting financial advice on page 17 of this guide.

If you suspect a scam:

- Report it to the Financial Conduct Authority (FCA) by phoning **0800 111 6768** or using the reporting form at **fca.org.uk**
- Report it to Action Fraud on **0300 123 2040** or at **actionfraud.police.uk**
- If you're in the middle of a transfer, contact your provider immediately and then get in touch with MoneyHelper at **Moneyhelper.org.uk**

The importance of shopping around

When you're deciding what you want to do with your pension pot, you should consider all the options and their tax implications. Pension providers offer different products with different features and options, including the product terms, rates, funds or charges that might be appropriate for your individual needs and circumstances.

That's why it's important you shop around. So whatever you decide to do – whether that's an annuity, drawdown or something else, it's the right decision for you.

For annuities, it's important to shop around so that you can get the highest possible income. Both health and lifestyle can increase the amount of income you or your partner (if joint life) could get. This is known as an enhanced lifetime annuity. Prudential doesn't offer enhanced lifetime annuities but you might qualify for an enhanced lifetime annuity with another provider and get a higher income. It's important for you to know that different providers might use different criteria to assess your health and lifestyle conditions which could give a higher income. That's why it's very important that you shop around.

How to shop around

Step 1: Check what your current provider can offer you.

- Ask for quotes from your current provider for the options you're interested in, to use as a baseline for comparison. If you request a quote for a lifetime annuity, your provider must also give you a quote from the open market for initial comparisons. But this won't give you the full picture of what you could get. (Step 2 will do that.)
- Answer any medical and lifestyle questions fully and accurately, as this could increase the income you get through an enhanced annuity.
- Check if your current plan offers any guarantees, like a guaranteed annuity rate, as these can be very valuable. They might be lost or reduce if you transfer to another provider.
- Check for any conditions or charges that might apply if you transfer your plan to another provider.

Step 2: Compare quotes, features and fees for the options that interest you.

- You can compare annuities using the MoneyHelper annuity comparison tables at **Moneyhelper.org.uk/guaranteed-income** or find a snapshot of drawdown products currently on offer at **moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/what-is-flexible-retirement-income-pension-drawdown** (you should bear in mind this list of products isn't exhaustive so we recommend that you get financial advice before you make a decision – see step 3).
- An annuity broker can gather quotes for you, but most don't offer advice. A financial adviser can also gather quotes for you as well as recommending the most suitable product that meets your needs and circumstances. Find out more at step 3.

Step 3: Get help from a regulated financial adviser unless you're certain that you understand which option is right for you.

- If the prospect of shopping around feels too daunting, you can skip the first two steps and go straight to this step as a financial adviser will recommend the best option(s) for your needs.
- There's more information on page 17 of this guide about how to find a financial adviser if you don't already have one.

Getting help or advice from product providers

You can also talk to a product provider, but be sure to ask whether they're offering you financial advice and a recommendation or just information. If they offer advice, it may to be limited to their own products or selected providers.

There are lots of places to go for more information and help

What to do with your pension is a big decision. There's lots of support for you, and information about the different ways to access your pension savings, so please make sure you use it.

You could speak to a financial adviser

This is a big decision, so we strongly recommend that you get financial advice. If you have a financial adviser, we recommend you speak to them. If you don't have a financial adviser, you can find one by visiting **moneyhelper.org.uk/retirement-directory** or **pru.co.uk/find-an-adviser.** Note that financial advisers will charge either a percentage of your pension pot, a charge per hour or a fixed fee. You'll be able to pay up front, or have the fee deducted from your pension pot after any tax-free amount is taken. Most advisers offer a free initial meeting and they'll always give you an estimate of how much their services will cost before you commit yourself.

Pension Wise

We strongly recommend you use Pension Wise, a government service from MoneyHelper that offers free and impartial guidance to help you understand your retirement options. Pension Wise offers guidance on the best use of your money, information about tax, tips on getting the best deal, and information about avoiding pension scams. You can speak to them on **0800 280 8880**, and book a free appointment. Find out more at **moneyhelper.org.uk/pensionwise**

This service is free and impartial. using it won't affect your legal rights.

MoneyHelper

This independent service, set up by the Government, provides free, impartial money advice to everyone across the UK – online and over the phone. It offers tips on how to shop around, online comparisons and information about how to get help from financial advisers. Go to **Moneyhelper.org.uk.** MoneyHelper has a guide called 'Your pension: your choices', with lots of useful information. You can get a free, printed copy on the MoneyHelper website at **pru.co.uk/moneyhelper**.

Citizens Advice Bureau

Free, confidential and impartial advice on money issues.

England and Wales: **citizensadvice.org.uk**
Scotland: **cas.org.uk/bureaux**
Northern Ireland: **citizensadvice.co.uk**

Complaints and compensation

Financial Ombudsman Service:
financial-ombudsman.org.uk
Financial Services Compensation Scheme: **fscs.org.uk**
The Pensions Ombudsman: **pensions-ombudsman.org.uk**

Pension Tracing Service

If you're not sure whether you have any other pensions, this service can help. Or if you think you might have some money in a pension with a company, even if that company has closed down, you can contact the Pension Tracing Service.

Call **0800 731 0193** (**+44 (0)191 215 4491** from outside the UK).
Textphone: **0800 731 0176**
Go to **gov.uk/find-pension-contact-details**

UK Government

State pension statements: **gov.uk/check-state-pension**
Claiming state pension: **gov.uk/state-pension**
Deferring state pension: **gov.uk/deferring-state-pension**

HMRC

Tax can be a complicated subject. To find out more about anything to do with tax, visit **hmrc.gov.uk** (or you can speak to a financial adviser or tax adviser).

Our website

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.

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, 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.

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 and the MoneyHelper guide at **pru.co.uk/moneyhelper.** You can also visit **mandg.com/pru/accesspension** to view video content and other useful information.
- [ ] 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.
- [ ] 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.

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