

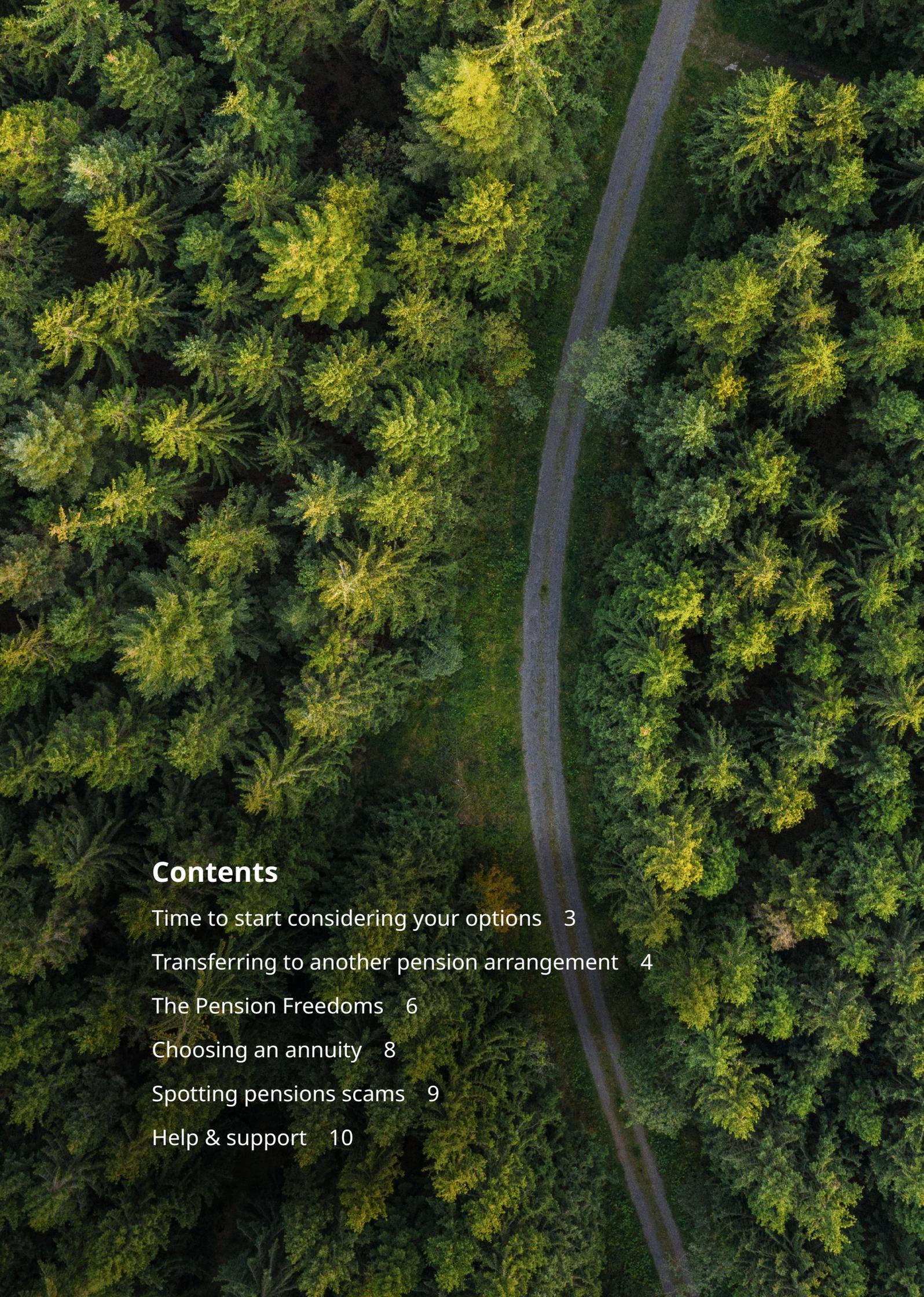
Rothesay

Protecting Pensions



more options

Pension Freedoms Guide

An aerial photograph of a dense forest of evergreen trees, with a narrow, winding path or stream cutting through the center. The trees are in various shades of green, and the path is a light, sandy or gravelly color.

Contents

Time to start considering your options 3

Transferring to another pension arrangement 4

The Pension Freedoms 6

Choosing an annuity 8

Spotting pensions scams 9

Help & support 10

Time to start considering your options

It is important that you consider all your options carefully before taking your benefits.

For the majority of our policyholders, taking pension benefits directly from Rothesay is likely to be the right approach. However, additional flexibility is available to individuals taking their benefits from a defined contribution (DC) pension arrangement where, unlike your Rothesay policy, you have a 'pot' of money to use in other ways.

This additional flexibility is often referred to as the 'Pension Freedoms'. Your policy cannot directly give you access to the freedoms – you would need to transfer to a DC pension arrangement if you want to access them.

If you are interested in transferring from Rothesay, please contact us to request a transfer pack.

! We strongly recommend you consider taking financial advice when considering your options.

Transferring to another pension arrangement

If you are under 65 and have not started taking your pension benefits, you may transfer the value of your benefits (your 'transfer value') to another pension arrangement by following the steps below.

Step 1

Appoint a financial adviser

The advice and transfer process can take some time, so we recommend that you appoint a financial adviser before requesting a transfer pack.

If your transfer value is over £30,000, we are required to have proof that you have taken financial advice from a financial adviser authorised by the Financial Conduct Authority (FCA), before we can process a transfer request from you. If your transfer value is less than £30,000, you are not required to take financial advice but we strongly recommend that you consider doing so.

If you do not have a financial adviser, you can use MoneyHelper's Retirement Adviser Directory:

> www.moneyhelper.org.uk/retirement-directory

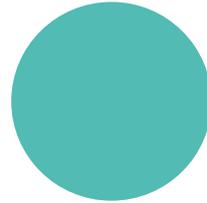
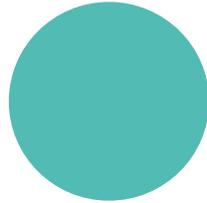
Step 2

Request a transfer pack

Our transfer values are calculated using assumptions based on market conditions. These affect transfer values, for example they affect the pension increases we expect to pay, which in turn affects the value of the policy.

We quote an **estimated** transfer value in all our options packs. However, if you are interested in transferring, you (or your financial adviser) should contact us to request a transfer pack. This will include details of your benefits, as well as a transfer value which will be **guaranteed** for 6 months.

Please note, we will only issue one guaranteed transfer value in any 12-month period.



Step 3

Consider your options

Please consider carefully what the best approach for you would be. This will depend on your future plans as well as your personal and financial circumstances. There may be some good reasons why you might decide transferring to another pension arrangement is right for you. However, please bear in mind that according to the FCA and The Pensions Regulator, keeping a stable pension income is likely to be the right approach for most people.

Step 4

Complete and return the forms

If you do decide to transfer to another pension arrangement, you should complete the forms included in your transfer pack. Please return them in plenty of time for us to process your transfer before the 6-month guarantee on your transfer value expires.

Transferring overseas?

Please let us know if you are considering transferring to a Recognised Overseas Pension Scheme (ROPS) as we will need to send you our overseas transfer pack with different forms to complete. Overseas transfers tend to take longer, so you should send us all the documentation requested as quickly as possible to try to ensure the transfer is completed within the 6-month guarantee period.

The Pension Freedoms

If you choose to transfer to a DC pension arrangement you will have a pot of money to be used on one of the options described below.

A guaranteed income for life

A lifelong, regular income (also known as an 'annuity') provides you with a guarantee that the income will last as long as you live. The pension you would receive if you took your benefits directly from Rothesay would be an annuity. However, taking a transfer and buying an annuity from another provider may allow for greater flexibility in relation to the guaranteed income provided.

You can choose to take a lump sum from your pot and purchase an annuity tailored to you with the remainder. Up to 25% of your pot can usually be taken as a tax-free lump sum. All payments from the annuity will be taxed as income.

You will find more information about choosing an annuity on page 8.

One single lump sum

You can take the whole of your pension pot in one go as a single lump sum. 25% of your pot can usually be taken tax-free – the rest will be taxed as income.

If you are considering this option you should think about:

- How you will meet your future income needs
- Your own personal tax circumstances and the impact of taking a taxable lump sum on the tax you pay – including the possibility that you may have to pay a higher rate of tax than normal

You should also be aware that some providers may have charges for taking your pot as cash.

A number of lump sums

You can leave your pot invested and take lump sums from it. You can decide when and how much money to take out of your pot until it is empty or you choose another option. Each time you take a lump sum, normally 25% of it is tax-free and the rest will be taxed as income.

If you are considering this option you should think about:

- When you take money from your pot and how much you take out each time
- How long your money needs to last
- Your own personal tax circumstances and the impact of taking a taxable lump sum on the tax you pay – including the possibility that you may have to pay a higher rate of tax than normal depending on the amount withdrawn

A flexible income

Different providers offer different types of flexible income. If you are considering a flexible income you should consider shopping around – a financial adviser will be able to help with this.

You can usually take up to 25% of your pot tax-free and then leave the remainder invested and take an income from it. This is often referred to as 'drawdown'. Any withdrawals from your pot after the first lump sum will be subject to tax as income.

When considering this option please bear the following in mind:

- Although keeping your pot invested may give it a chance to grow, there is the risk that the value of your pot may go down
- The charges that will continue to be taken from any money left in your pot
- Any charges or other reductions to your pot when a lump sum is withdrawn



Remember, the FCA and The Pensions Regulator believe that keeping a stable pension income is likely to be the right approach for most people. However, there may be good reasons why more flexibility may suit your personal and financial needs better.

Choosing an annuity

If you think a regular income is appropriate for you, you should consider whether to take your benefits directly from Rothesay or to transfer to another pension arrangement so that you can tailor your annuity in some way.

If you transfer to a DC arrangement you can choose:

- **The way your pension increases (or not) each year**
To start with, 'level' annuities provide a higher income than annuities that increase, but the payments stay the same for life. This means that the purchasing power of your income from a level annuity will reduce over time due to inflation.
- **Whether any pensions to your dependant(s) are payable on your death**
A 'single life' annuity will provide you with a higher income than a 'joint life' annuity, but you may have a dependant that may need some financial support on your death.
- **Whether your pension payments are guaranteed for a period of time**
You may choose for the payments to be guaranteed for a period of years with the balance of payments to be paid to your beneficiaries if you die within that period.

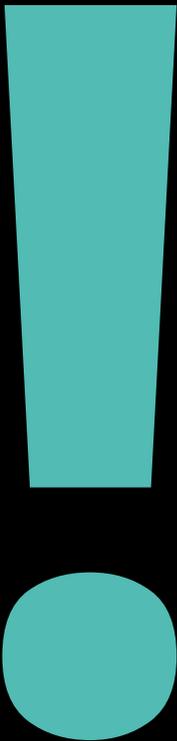
Enhanced annuity

If you have a medical condition, you may be able to get a higher income through buying an 'enhanced annuity'. If you have a medical condition, are in poor health, smoke or are overweight you should consider opting into health and lifestyle questions when obtaining an annuity quotation – please note it is important to answer these questions honestly.

! An annuity is a lifetime commitment, so you should not rush to make a final decision. It is important to shop around and take advice from a financial adviser authorised by the FCA.

Spotting pensions scams

What to look out for to avoid sophisticated scams.



Free pension reviews

You should only review your pension options with a financial adviser authorised by the FCA.

Early access to your pension

You cannot take your pension benefits before you reach your Minimum Pension Age (MPA), unless you are suffering from a serious illness.

High-pressure sales tactics

Do not be swayed by time-limited offers, or couriers waiting for you to sign documents.

Complicated structures

If you are not totally clear where your money will go, it is unlikely to be a good choice.

Read more about spotting pensions scams

Useful contacts:

I have been scammed

Call Action Fraud: 0300 123 2040

I want to check if a financial adviser is authorised by the FCA

> <https://register.fca.org.uk>

Guaranteed higher returns

If investments sound too good to be true, they most likely are. Higher returns typically mean higher risk.

Long-term pension investments

You may not realise something is wrong until much further down the line.

Multi-party arrangements

These will involve significant fees being deducted from your pension by different parties, often overseas.

Unusual investments

These may be unregulated and difficult to sell.

> www.fca.org.uk/scamsmart

> www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

**For most people the MPA will increase from 55 to 57 in 2028. Some people have a lower MPA.*

Help & support

I need general information about pensions

MoneyHelper:

- > www.moneyhelper.org.uk
- > 0800 011 3797

I need a financial adviser

MoneyHelper's find a retirement adviser tool:

- > www.moneyhelper.org.uk/retirement-directory

I have lost track of other pensions

The Pension Tracing Service:

- > www.gov.uk/find-pension-contact-details
- > 0800 731 0193

I need to find out about my State Pension

The Pension Service:

- > www.dwp.gov.uk
- > 0800 731 7898 (UK)

I have a question about tax

HM Revenue & Customs:

- > www.gov.uk/hmrc
- > 0300 200 3300 (UK)

TaxAid:

- > <https://taxaid.org.uk/rothesay>
- > 0333 207 5652

Visit the policyholders section of our website for more helpful links and contacts.

- > www.rothesay.com/policyholders/helpful-links-and-contacts

Rothesay

'Rothesay' is the trading name for Rothesay Life Plc, an insurance company established in the UK with company registration number 6127279.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Firm Reference Number 466067.