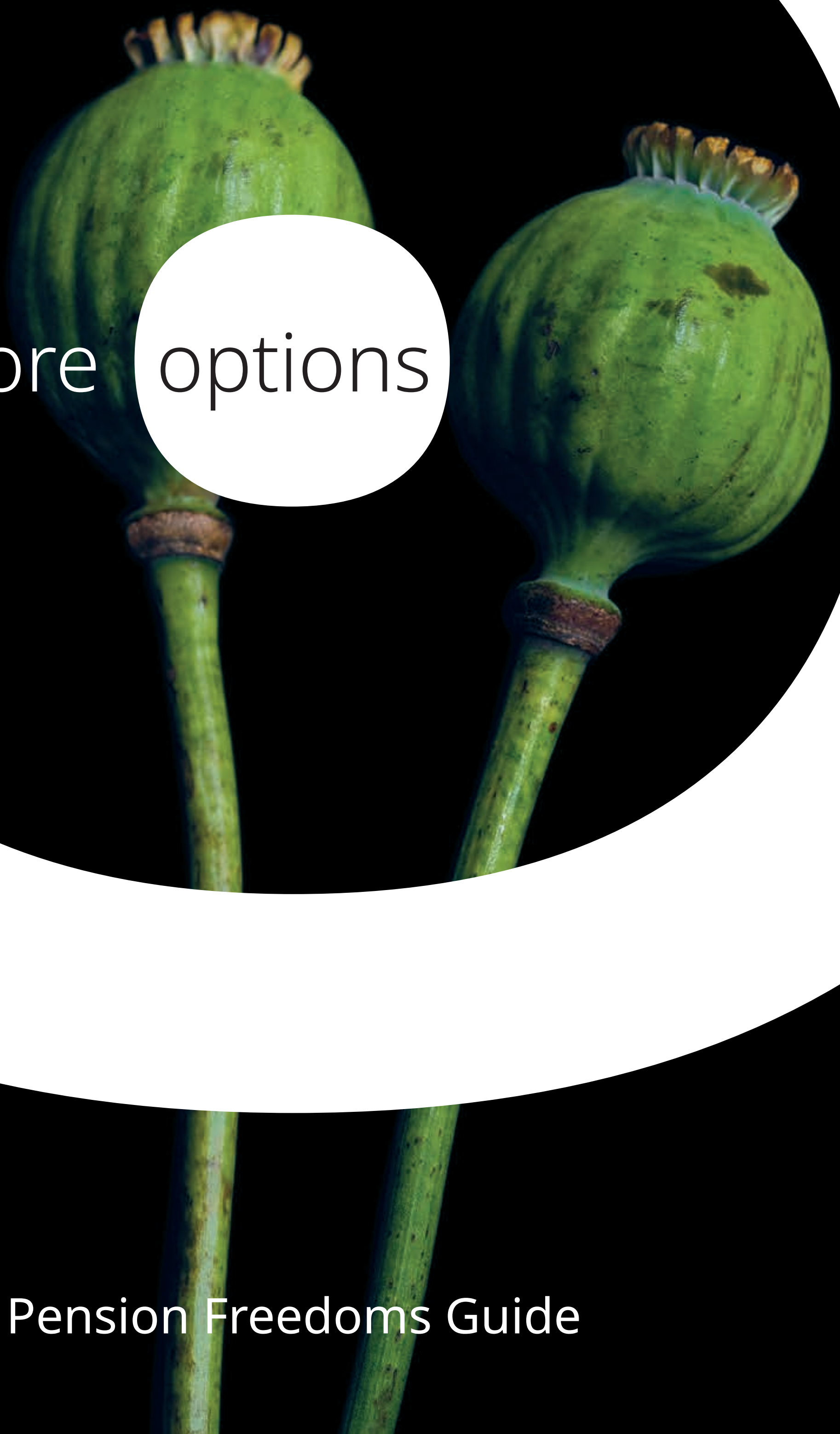
Rothesay

more options



Pension Freedoms Guide

What's in here

Time to start considering your options

You can retire at any time once you reach age 55. As you approach the time you want to retire, you should consider all your options carefully. A financial adviser will be able to help you assess the most appropriate option for your personal circumstances.

For the majority of our policyholders retiring directly with Rothesay is likely to be the right approach. However, additional flexibility is available to individuals retiring from a defined contribution ("DC") pension arrangement where, unlike your Rothesay policy, you have a 'pot' of money.

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

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

! Beware of scammers

Please see page 9 to find out more.

Transferring away from Rothesay

If you are under 65 and have not retired from Rothesay, you may transfer the value of your policy 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 your financial adviser before requesting a transfer pack.

If your transfer value is over £30,000, we must have proof that you have taken financial advice from a Financial Conduct Authority ("FCA") registered adviser before we can process a transfer request from you. If your transfer value is less than £30,000 then you are not required to take financial advice but we still recommend that you do.

If you do not have a financial adviser, you can use MoneyHelper's Retirement Adviser Directory to find a regulated and impartial adviser:

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

Step 2
Request a transfer pack

The amount available to transfer to another suitable pension arrangement is known as your ‘transfer value’ and varies with market conditions.

We quote an estimated transfer value with all our retirement quotations. 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 policy benefits as well as a transfer value quotation which is guaranteed for three months.

Step 3
Consider your options

Please consider carefully what the best approach for you would be. This will depend on your plans for your retirement as well as your personal and financial circumstances. There may be some good reasons why you might decide transferring the value of your pension benefits under your Rothesay policy to an alternative 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 three month guarantee on your transfer value expires.

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.

One single lump sum

You can take the whole of your pension pot in one go as a single lump sum. 25% of your pension 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 income needs for the rest of your retirement
- 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 a pension pot as cash.

A number of lump sums

You can leave your pension 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 retirement income

Different providers offer different types of flexible retirement income. If you are considering a flexible retirement 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 pension 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 pension pot invested may give it a chance to grow, there’s 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 pension pot
- Any charges or other reductions to your pension pot when a lump sum is withdrawn

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

You'll find more information about choosing an annuity on the next page.

Choosing an annuity

The Financial Conduct Authority ("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.

If you think a regular income is appropriate for you, you should consider whether to retire directly from Rothesay or if you want 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 spouse/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 is likely to 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

Also, 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 FCA registered financial adviser.**

Spotting pensions scams

What to look out for, to avoid sophisticated scams.

Free pension reviews
You should only review your pension options with a suitably qualified financial adviser.

Early access to your pension
You cannot retire before you turn 55, unless you are suffering from a serious illness.

High-pressure sales tactics
Don't be swayed by time-limited offers, or couriers waiting for you to sign documents.

Complicated structures
If you aren't totally clear where your money will go, it's unlikely to be a good choice.

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.

Read more about spotting pensions scams

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

Useful contacts:

I have been scammed	Call Action Fraud: 0300 123 2040
I want to check if a financial adviser is registered	The Financial Conduct Authority: register.fca.org.uk

Help & support

I need general information about pensions	MoneyHelper: › moneyhelper.org.uk › 0800 011 3797
I need a financial adviser	MoneyHelper's find a retirement adviser tool: › moneyhelper.org.uk/retirement-directory
I want to check if a financial adviser is registered	The FCA: › register.fca.org.uk
I've lost track of other pensions	The Pension Tracing Service: › gov.uk/find-pension-contact-details › 0800 731 0193
I need to find out about my State Pension	The Pension Service: › dwp.gov.uk › 0800 731 7898 (UK)
I have a question about tax	HM Revenue & Customs: › gov.uk/hmrc › 0300 200 3300 (UK) Tax Help for Older People: › taxvol.org.uk/index.php/rothesay › 0333 207 5652

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