

# WANT MORE CHOICE AND FLEXIBILITY?

This leaflet describes the 'Pension Freedoms' introduced by the Government in April 2015. It also explains what you need to do if you want to access them.



## **Important**

You do not need to take any action now if you want to leave your pension benefits with Rothesay Life and you do not want to start receiving payments yet. We'll be in touch again as you approach your Normal Retirement Age.

However, please read this leaflet carefully to see whether you may want to access the Pension Freedoms.

## RETIRING DIRECTLY FROM ROTHESAY LIFE

You can choose when your pension starts once you have reached a minimum age, usually 55.

Your policy may include an option to take up to a quarter of the value of your pension benefits as a tax-free lump sum when you start receiving your Rothesay Life pension. The remainder of the pension will provide you with a regular income for life. It will be paid as a defined monthly (or annual for some policies) amount and will be taxed as income. The features of these payments and any payments payable on your death are described in your Policy Documentation.

For example:

- The payments may increase in a set way
- Some policies provide a guarantee that you will receive payments for a minimum length of time, typically five years
- On your death, your spouse or other adult dependant may be eligible to receive a regular income for their life. Children's pensions may also be payable until they reach the age(s) defined in your Policy Documentation

If the value of your benefits is below £30,000, it may be possible for you to take all of this as a lump sum directly from Rothesay Life. 25% of this lump sum would be tax-free, but the remainder would be subject to tax at your marginal rate.

### Additional Voluntary Contributions (AVCs)

If you choose to receive your pension directly from Rothesay Life you will only be able to access the Pension Freedoms in respect to any defined contribution AVCs you may have. You will, however, have some options if you retire directly from Rothesay Life as explained in this section.

## ACCESSING THE PENSION FREEDOMS

The Pension Freedoms are described on the following page. They are available in respect of pension benefits in a defined contribution (DC) arrangement. If you decide you want to access the Pension Freedoms, you will need to request a transfer value. This is an amount equal to the value of the pension benefits under your policy. You will need to choose which suitable DC pension arrangement receives your transfer value. Once the transfer payment is made, no further payments will be made to you or any of your beneficiaries by Rothesay Life.

Please note, once you start to receive any pension payments from your Rothesay Life policy, you will no longer be able to request a transfer payment to another arrangement. You may also lose the right to request a transfer if you pass age 65.

**It is important that you consider whether the Pension Freedoms might suit you.**

When considering your pension options you should bear in mind that, according to the Financial Conduct Authority (FCA) and The Pensions Regulator, keeping a stable pension income is likely to be the right approach for most people. However, the best approach for you will actually depend on your plans for your retirement as well as your personal and financial circumstances. There may be some good reasons why you would consider transferring the value of your Rothesay Life policy to a DC pension arrangement.

### Financial Advice

A financial adviser will be able to help you assess the most appropriate pension option for your personal circumstances. We recommend that all policyholders who are considering transferring the value of their benefits to another pension arrangement seek suitable financial advice. If your transfer value is over £30,000, we must have evidence that you have had suitable financial advice before we are able to pay your transfer value to your chosen pension arrangement.

You can find a local financial adviser on this website: [www.unbiased.co.uk](http://www.unbiased.co.uk)

Please type the above website address carefully as there are some bogus websites with similar names. Your chosen financial adviser will need to be authorised by the FCA and qualified to provide advice on transfers from defined benefit pension arrangements. You can find a checklist of questions to ask your financial adviser to make sure they are the right adviser for you here: [www.unbiased.co.uk/how-to-findthe-right-financial-adviser](http://www.unbiased.co.uk/how-to-findthe-right-financial-adviser)



# THE PENSION FREEDOMS

The Pension Freedoms described below are only available to you if you transfer the value of your pension benefits under your Rothesay Life Policy to a DC pension arrangement. If you do this you will have a 'pot' of money to be used on one of the following options at any time from your 55th birthday.

## A SINGLE LUMP SUM

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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 and the rest will be taxed as income.

## A NUMBER OF LUMP SUMS

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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.

## A FLEXIBLE RETIREMENT INCOME

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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 whether you take them as income or as lump sums.

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.

## A GUARANTEED INCOME FOR LIFE

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

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 Life is 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. When purchasing an annuity you have options around pension increases, dependant's benefits on your death and any guarantee periods.

You may be able to get a significantly higher income through taking 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 qualified financial adviser. If you are considering purchasing an annuity, you should carefully consider whether the pension you would receive if you retire directly from Rothesay Life would suit you.

**PLEASE SEE THE BACK COVER FOR THE NEXT STEPS**

## NEXT STEPS

You do not need to take any further action if you wish to keep your benefits with Rothesay Life and do not wish to put your benefits into payment yet.

If we do not hear from you, we will remind you of your options again as you approach your Normal Retirement Date.

You may want to contact The Pension Advisory Service which provides independent and impartial information and guidance about pensions, free of charge, to members of the public. You can contact them using their website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

You can also call them on **0300 123 1047**.

If you think you might like to access the Pension Freedoms, please call us to request a transfer pack. This will include a transfer value quotation which is guaranteed for a period of three months. If you are considering requesting your transfer value is paid to another pension arrangement, you should seek suitable financial advice.

Please also contact us if you want your pension benefits paid directly by Rothesay Life and are interested in putting them into payment shortly.

### **Please note**

Rothesay Life Plc does not provide financial, actuarial, tax, accounting, investment or legal advice to our policyholders and all policyholders are advised to consult with their own advisers before taking any actions. This material is for discussion purposes only and does not purport to contain a comprehensive analysis of a policyholder's options.

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