

## NEW AIRWAYS PENSION SCHEME (NAPS)

### AVC-ONLY TRANSFER OUT INFORMATION PACK

If you hold a BA Additional Voluntary Contribution (AVC) account, you have the option to transfer some or all of your AVCs independently of your main Scheme pension to another approved pension arrangement.

This pack provides you with information about:

1. The transfer options available in respect of AVCs only
2. The AVC benefits and options available in the BA Schemes
3. What help and advice is available and a Pension Wise Guidance pack
4. How to proceed with an AVC-only transfer
5. A checklist of the items we will need in order to pay out an AVC-only transfer

If you wish to investigate a transfer of your main Scheme pension, including your AVCs, then please refer to either the UK or QROPS Transfer pack on the ['Forms'](#) page of our website, [www.mybapension.com](http://www.mybapension.com).

## 1. AVC-only transfer options

You have one opportunity to make a transfer of part (or all) of your AVC Account at the time of, or before, drawing your main Scheme pension. You then have a further opportunity to make a transfer of any remaining AVCs, either when taking your main Scheme benefits, or later if you choose to defer payment of your AVC benefits. Active members can continue to save AVCs and change their remaining AVC investments after they have transferred out their AVC balance while they remain active members of the Scheme.

Pensioner members who are in receipt of their Scheme pension but chose to leave their AVCs behind when drawing their Scheme pension, can make a transfer of the AVCs they left behind.

If you are transferring your AVCs to access them as cash from age 55 under the government's defined contribution (DC) flexible access provisions, you will need to transfer your AVCs to an arrangement offering these. It is likely that the external provider will require you to pay charges. A quarter (25%) of any lump sum accessed externally through the flexibility provisions may be taken tax free if you have sufficient Lifetime Allowance remaining. The rest will be taxed as pension income at your marginal rate of tax.

### Protection from Lifetime Allowance charges

If you have registered for protection from Lifetime Allowance charges and hold fixed or individual protection, the option to take a lump sum externally under the DC provisions may be available if you have personal Lifetime Allowance available. If you hold primary or enhanced protection, the option to take a lump sum externally under the DC provisions will only be available if you have any standard Lifetime Allowance remaining.

## 2. The benefits available under the BA Scheme

Remember, if you do not transfer your AVC balance out, in most cases, you can draw all your AVCs as tax-free cash from the Scheme when you take your main scheme benefits, subject to Lifetime Allowance limits. If instead, you choose to transfer your AVCs to an external provider, the maximum tax-free lump sum available from the Scheme at your retirement date will be lower than that shown on any retirement quotations you have received before the transfer and by the online pension modeller.

Under Scheme Rules, members who do not want to take their AVCs as part of their tax-free lump sum can use them to:-

- buy an AVC pension, called an 'annuity', either from the Scheme\* or through an insurance company of their choice, using the 'open market' option.
- defer drawing their AVCs until a later date.
- transfer their AVCs to an external pension arrangement (in isolation from their main Scheme pension).

\* The NAPS Trustee can provide an annuity from NAPS for members who left the Scheme and deferred their AVCs before April 2007, or for members who left after April 2007 where their AVC Account value is less than £1,000. Annuities are not provided from NAPS for members who left after April 2007 with a fund value of more than £1,000. The Trustee has appointed a leading independent annuity broker to provide quotations of the annuities available, selected from a panel of external providers. This service is paid for by the Trustee.

### 3. Help, advice and guidance available to you

#### Pension Wise

New regulations from June 2022 are intended to increase the take-up of free pensions guidance from Pension Wise and are designed to help you make informed decisions about your options when accessing your AVCs. When you apply to draw or transfer out your Scheme benefits, we are required to direct you to appropriate pensions guidance available through Pension Wise. You can choose whether to take up the Pension Wise guidance or opt out.

When you apply to draw your Scheme benefits, we must:

1. Offer to book a Pension Wise appointment for you; and
2. Provide you with details to allow you to book an appointment yourself.

Before you can access your Scheme benefits, you must complete a form to confirm that:

1. You have received Pension Wise guidance; or
2. The guidance does not apply to you (for example, because you have received regulated retirement advice within the previous 12 months); or
3. You wish to opt out of receiving Pension Wise guidance.

We have included our Pension Wise Guidance pack with this AVC transfer pack. You can also find a copy of the pack on the Forms page of our website. The pack includes details about Pension Wise and a form to fill in when you draw your Scheme benefits.

The Pensions Regulator (tPR) has published some '[Retirement risk warnings](#)' associated with accessing benefits under the government's DC flexible access provisions. A copy of these is available by clicking the link above or by visiting the 'Forms' page of our website, [www.mybapension.com](http://www.mybapension.com).

#### Financial Advice

We recommend that members take independent financial advice from a Financial Conduct Authority (FCA) approved adviser before deciding to transfer their AVCs. The following websites can help you find suitable FCA authorised independent financial advisers in your area:

[www.findanadviser.org](http://www.findanadviser.org)

[www.unbiased.co.uk](http://www.unbiased.co.uk)

[www.vouchedfor.co.uk](http://www.vouchedfor.co.uk)

#### The Pension Advice Allowance (PAA)

It's important to get financial advice before making decisions about your pension so that you make the right decisions for you and your family. You can now use your NAPS additional voluntary contributions (AVCs) to pay for retirement financial advice. This is known as the Pension Advice Allowance.

- More information, including how to apply for the allowance, can be found on the '[Financial Advice](#)' page.
- You can use the allowance once in any tax year up to a total of three times overall. With each use, you can draw up to a maximum of £500.
- The allowance must be paid directly by NAPS to your financial adviser, who must be registered with the FCA - we can't pay the allowance directly to you.

For further details about the PAA, or to apply for a PAA payment to be made from your AVCs, download our online [Pension Advice Allowance \(PAA\) pack](#).

#### Money Purchase Annual Allowance (MPAA) limit

For individuals who choose to access any defined contribution (DC) benefits flexibly, as cash, from an external arrangement (for example to access any AVCs transferred out of APS) an MPAA of [£4,000 a year](#) will apply to all future DC pension savings. If this limit is exceeded, a tax charge will be due on the excess savings over £4,000 and the AA for any defined benefit pension scheme savings will reduce to £36,000 a year for that year.

## Pension scams

Your pension savings are at risk of being targeted by criminals. Their methods are increasingly sophisticated and have resulted in individuals losing their pension savings or facing severe tax consequences.

The Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) have launched a joint campaign called **ScamSmart**. You should read and consider carefully the “Don’t let a scammer enjoy your retirement” leaflet enclosed with this pack before you decide to transfer.

We also recommend you read and consider carefully the following:

- Visit the FCA’s ScamSmart website at: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)
- The FCA’s guidance about how to avoid and [protect yourself from scams](#).
- ‘[Questions](#)’ to ask the financial adviser of any increased risks associated with how to access the pension fund.
- The Pension Wise website contains useful information on ‘[How to avoid a pension scam.](#)’
- The Money Advice Service also provides useful information on ‘[How to spot a pension scam.](#)’
- Check the [FCA Financial Services Register](#) to check if a firm you are using or plan to do business with is authorised by the FCA. If you have any concerns regarding a firm or individual, you can check the FCA list of [Unauthorised firms and individuals](#). Please note this list is not exhaustive and if you have any concerns about a firm or individual you should contact the [FCA consumer helpline](#).

### Other Useful addresses

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

[www.moneyhelper.org.uk/pensionwise](http://www.moneyhelper.org.uk/pensionwise)

[www.fca.org.uk/](http://www.fca.org.uk/)

[www.moneyandpensionservice.org.uk/](http://www.moneyandpensionservice.org.uk/)

## 4. How to proceed with an AVC-only transfer

If you are considering transferring your AVCs you can find out the approximate value of your AVC account by looking at any recent retirement quotations, benefit statements or annual AVC statements or, if you do not have any of these documents to hand, by contacting our [Customer Service Team](#) to obtain an up-to-date AVC balance.

If you decide to proceed with an AVC transfer (after receiving guidance from Pension Wise, financial advice and full details of the alternative benefits the external pension arrangement will provide), the following documents must be completed and sent to the [BA Pensions](#) team.

- Indemnity form completed by you, the Scheme member
- Indemnity form completed by the new pension arrangement, including banking details for the receiving arrangement (payment will be made via BACS in all cases)
- A copy of the HMRC approval letter showing the new arrangement’s Pension Scheme Tax Reference (PSTR) number

We have provided a checklist below to help with providing the correct documentation to enable an AVC transfer to be completed.

It is not until we receive the completed indemnity forms that we will calculate a final AVC balance. If AVCs are being transferred at the same time as you are drawing your main Scheme benefits, the AVC balance will be calculated at your retirement date and any AVC transfer payment will usually be made within 10 working days after that date.

# Don't let a scammer enjoy your retirement



Find out how pension scams work, how to avoid them and what to do if you suspect a scam.



Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

## Scam tactics include:



- contact out of the blue



- promises of high / guaranteed returns



- free pension reviews



- access to your pension before age 55



- pressure to act quickly

### If you suspect a scam, report it

- **Report to the Financial Conduct Authority (FCA)**  
by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at [www.fca.org.uk](http://www.fca.org.uk)
- **Report to Action Fraud**  
on **0300 123 2040** or at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)
- **If you're in the middle of a transfer,** [contact your provider immediately](#) and then get in touch with The Pensions Advisory Service (TPAS) at [www.thepensionsadvisoryservice.org.uk](http://www.thepensionsadvisoryservice.org.uk)

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

# Four simple steps to protect yourself from pension scams

## 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. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.\*

## 2 Check who you're dealing with

Check the Financial Services Register ([www.register.fca.org.uk](http://www.register.fca.org.uk)) to make sure that anyone offering you advice or other financial services is FCA-authorized.

If you don't use an FCA-authorized firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice.

Beware of fraudsters pretending to be from a firm authorized by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

## 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'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

## 4 Get impartial information and advice

The Pensions Advisory Service ([www.thepensionsadvisoryservice.org.uk](http://www.thepensionsadvisoryservice.org.uk)) – Provides free independent and impartial information and guidance.

Pension Wise ([www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)) – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options.

Financial advisers – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

\*FCA Financial Lives



Dear Sir or Madam,

## Have you had your **free** Pension Wise appointment?

Pension Wise is a free and impartial service from MoneyHelper that helps you understand what you can do with your pension money.

We offer appointments with our highly-trained professionals to anyone aged 50 or over with a defined contribution (personal or workplace) pension. You can also explore your pension options on our website.

You'll get:

- guidance on how to make the best use of your money
- information about tax when taking money from your pension
- tips on getting the best deal, including how to compare products, get financial advice and avoid scams

9 out of 10 people who have had a Pension Wise appointment would recommend it to friends and family, so book yours now. We're looking forward to hearing from you.

Yours faithfully,

*Rosie Cottrell*

**Rosie Cottrell**

Service Delivery Manager Pension Wise



Cut out and keep

## Get your **free** appointment now

It's easy to book your appointment, just choose one of the following:

 0800 280 8880

 [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise)

A service from

**Money  
Helper**

## 5. AVC-only transfer checklist

- |    |  |                          |
|----|--|--------------------------|
| 1. | The indemnity form completed by the Scheme member  | <input type="checkbox"/> |
| 2. | The indemnity form completed by the new pension arrangement  | <input type="checkbox"/> |
| 3. | A copy of the new arrangement's HMRC letter showing the Pension Scheme Tax Reference (PSTR), provided by the new arrangement | <input type="checkbox"/> |
| 4. | The relevant Pension Wise Guidance form completed by the Scheme member   | <input type="checkbox"/> |

NEW AIRWAYS PENSION SCHEME (NAPS)  
AVC-ONLY TRANSFER INDEMNITY FORM

**This form should be completed by the receiving arrangement.**

Member name:

Member Staff or pension number:  Member NINo:

Member's address:

TRANSFERRING TO A \_\_\_\_\_ (enter type of arrangement)

NAME OF ARRANGEMENT \_\_\_\_\_

ARRANGED WITH \_\_\_\_\_ (insurance company name)

I enclose a copy of the arrangement's HMRC registration/approval letter showing the Pension Scheme Tax Reference (PSTR)

**Bank details of the receiving arrangement (all payments are made via BACS):**

Sort Code:    -    -

Account No:

Receiving Arrangement Account Name: \_\_\_\_\_

Bank Name: \_\_\_\_\_

**We agree to the above, duly authorised for and on behalf of:**

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name In capitals \_\_\_\_\_

Position in company \_\_\_\_\_

Company stamp:

*This form can be returned by post to British Airways Pensions, PO Box 2074, Liverpool, L69 2YL or by fax to 0208 538 2190*



**NEW AIRWAYS PENSION SCHEME (NAPS)  
AVC-ONLY TRANSFER INDEMNITY FORM**

**This form should be completed by the Scheme member.**

Member name:

Member Staff or pension number:  Member NINO:

Member's address:

Having considered the financial advice and guidance available to me, I confirm that I have reviewed the alternative pension benefits to be provided by my new pension provider(s) and that I wish to surrender the amount of my AVCs shown below and transfer them to the external arrangement named below.

**Transfer whole of AVC balance**

I confirm that I wish to transfer the whole of my AVC balance \*

**OR**

**Transfer part of your AVC balance**

	Please transfer (enter amount) * <i>If you wish to transfer only a specified amount, enter the amount you wish to transfer.</i>	OR	Please transfer (enter %) * <i>If you wish to transfer the whole of a particular AVC fund enter 100 in the percentage box.</i>
EBF	£		%
MPF	£		%
SGF	£		%

\* The final AVC balance will be calculated upon receipt of the indemnity forms or, if you are drawing your main Scheme pension benefits at the same time, the balance will be calculated at the date on which your Scheme benefits are being drawn. Please note that if you are an active member of the Scheme and you specify an amount of AVCs to be transferred out, rather than your whole AVC fund balance, further AVC contributions may be received after the date we receive your indemnity forms which will not be transferred out.

**Transfer to an external pension arrangement**

I understand and agree that the benefits to be secured by means of the transfer to the external pension arrangement run by \_\_\_\_\_ may be different in amount and form from those provided by NAPS.

**Declaration:**

- I request the NAPS Trustee to transfer the specified amount of my AVCs to the above-named receiving scheme.
- I am aware of pension scams and I have read the information contained in the enclosed Pension Wise pack.
- I understand the risks set out in the Pension Regulator's '[Retirement risk warnings](#)' associated with accessing benefits under the new DC flexibility provisions.
- I have been provided with details of the alternative benefits that will be secured in the receiving scheme.
- I accept that, once the transfer value has been paid, I cannot transfer my AVC fund back to the transferring Scheme.
- I understand that once the AVC benefits have been transferred neither I nor anyone claiming through me will have any entitlement to those AVC benefits under the Scheme. I therefore waive all rights I have, or may have, under the Scheme in relation to AVCs that I have transferred out and I release the Trustee from all liability to provide benefits under the Scheme for, and in respect of, those AVCs. I agree to indemnify the Trustee of the Scheme and keep it indemnified in respect of any claims relating to the AVCs transferred.

My daytime contact details are: Daytime phone: \_\_\_\_\_ Email: \_\_\_\_\_

I have read and agree to the declarations above.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*This form can be returned by post to British Airways Pensions, PO Box 2074, Liverpool, L69 2YL or by fax to 0208 538 2190*

## **Pension Wise guidance**

Did you know you can get free impartial guidance from Pension Wise to help you make decisions about your additional voluntary contributions (AVCs)? For the BA Schemes, this means money held in an SGF, EBF or MPF AVC fund. We encourage you to use this free service and consider taking FCA-regulated financial advice before deciding which option is best for you.

### **What is Pension Wise?**

Pension Wise is a government service that offers free, impartial guidance about your defined contribution pension options, including AVCs. All pension scheme members with defined contribution benefits are encouraged to book a Pension Wise appointment to help them consider their retirement options.

If you don't need any further guidance to proceed with drawing/transferring your benefits, you can opt out of Pension Wise guidance (explained further in this pack).

### **Action you need to take**

1. Arrange a Pension Wise appointment (as below)
2. Fill in and send back the Pension Wise Guidance Confirmation form;  
OR
3. If you are exempt from Pension Wise guidance, fill in and send back the Pension Wise Guidance Exemption form;  
OR
4. If you wish to opt-out of receiving Pension Wise guidance and advice:
  - ♦ Read the enclosed general risk warnings
  - ♦ Fill in and send back the Pension Wise guidance opt-out form.

### **How to make an appointment**

- 1) Call our Member Services team on **0208 538 2100** between 9am to 1pm, Monday to Friday, and we will book the appointment with you.
- 2) Or you can **book an appointment with Pension Wise directly** at a convenient time that suits you. A specialist will explain your pension options and the next steps during the appointment.

To book an appointment directly, click here to visit the **Moneyhelper** website or enter the following link into an internet browser: **[www.moneyhelper.org.uk/nudge-public](http://www.moneyhelper.org.uk/nudge-public)**

You can also book directly over the phone by calling **0800 100 166**

If you decide not to book a Pension Wise appointment, you must complete and return the separate Pension Wise Opt-Out form or the Pension Wise Exemption form before proceeding with your retirement options. We strongly recommend that all members with AVCs book a Pension Wise appointment to receive guidance on their retirement options.

## Pension Wise Guidance Confirmation form

Please note that we cannot proceed with your retirement or transfer unless you fill in and return the Pension Wise Guidance Confirmation, the Pension Wise Guidance Exemption, or the Pension Wise Guidance Opt-Out form.

Retirement options declaration (Please tick the relevant boxes)	Yes	No
I confirm that I have received guidance from Pension Wise.	<input type="checkbox"/>	<input type="checkbox"/>
I confirm that I have read the general risk warnings in this document. I am happy to proceed with taking my retirement benefits or a transfer to another pension arrangement to access my retirement benefits.	<input type="checkbox"/>	<input type="checkbox"/>

<b>Name:</b>		<b>Pension/staff number:</b>	
<b>Signed:</b>		<b>Date:</b>	

**Please return your completed form:**

Scan/attach to an email to: [post.inbound@bapensions.com](mailto:post.inbound@bapensions.com)

By post to: British Airways Pensions, PO Box 2074, Liverpool. L69 2YL

## Pension Wise Guidance Exemption form

Please note that we cannot proceed with your retirement or transfer unless you fill in and return the Pension Wise Guidance Confirmation, the Pension Wise Guidance Exemption, or the Pension Wise Guidance Opt-Out form.

Retirement options declaration (Please tick the relevant box)	Yes	No
I have already received guidance from Pension Wise within the last 12 months.	<input type="checkbox"/>	<input type="checkbox"/>
I have received retirement advice from an FCA-regulated financial adviser within the last 12 months.	<input type="checkbox"/>	<input type="checkbox"/>
I have already been referred by the trustees or managers of another pension scheme to appropriate pension guidance.	<input type="checkbox"/>	<input type="checkbox"/>
I am making a transfer out application and I am under age 50.	<input type="checkbox"/>	<input type="checkbox"/>
I am making a transfer out application and I have already received the Pension Wise pack with my transfer out quotation.	<input type="checkbox"/>	<input type="checkbox"/>
I am making a transfer out application, and receiving flexible benefits is not one of the purposes of the transfer application (this may apply if you are transferring to consolidate your pensions).	<input type="checkbox"/>	<input type="checkbox"/>
I am transferring out my pension to a scheme regulated by the Financial Conduct Authority.	<input type="checkbox"/>	<input type="checkbox"/>
I will be accessing my pension benefits as a serious ill-health lump sum	<input type="checkbox"/>	<input type="checkbox"/>

Please confirm you have read the enclosed general risk warnings	Yes	No
I confirm that I have read the general risk warnings in this document. I am happy to proceed with taking my retirement benefits or a transfer to another arrangement to access my retirement benefits.	<input type="checkbox"/>	<input type="checkbox"/>

<b>Name:</b>		<b>Pension/staff number:</b>	
<b>Signed:</b>		<b>Date:</b>	

**Please return your completed form:**

Scan/attach to an email to: [post.inbound@bapensions.com](mailto:post.inbound@bapensions.com)

By post to: British Airways Pensions, PO Box 2074, Liverpool. L69 2YL

## Pension Wise Guidance Opt-Out form

Please note that we cannot proceed with your retirement or transfer unless you fill in and return the Pension Wise Guidance Confirmation, the Pension Wise Guidance Exemption, or the Pension Wise Guidance Opt-Out form.

As a Scheme, we want to provide the best support to our members. If you decide that you do not wish to receive extra guidance from Pension Wise, you can opt out by completing this form.

Retirement options declaration (Please tick the relevant box)	Yes	No
I wish to opt out of receiving guidance from Pension Wise.	<input type="checkbox"/>	<input type="checkbox"/>
I confirm that I have read the general risk warnings in this document. I am happy to proceed with taking my retirement benefits or a transfer to another arrangement to access my retirement benefits.	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** If you have not received the Pension Wise guidance or financial advice from an FCA-regulated financial adviser, we strongly suggest you do this before proceeding.

<b>Name:</b>		<b>Pension/staff number:</b>	
<b>Signed:</b>		<b>Date:</b>	

**Please return your completed form:**

Scan/attach to an email to: [post.inbound@bapensions.com](mailto:post.inbound@bapensions.com)

By post to: British Airways Pensions, PO Box 2074, Liverpool. L69 2YL

We encourage you to read the risk warnings below which are provided by The Pensions Regulator for all members accessing flexible benefits. Please take time to fully consider your options before deciding to draw or transfer your pension benefits.

## **You can get a guaranteed income for life**

A lifelong, regular income (also known as a lifetime annuity) provides you with a guarantee that the money will last as long as you live. You can also choose a guaranteed income that increases with inflation, continues to provide an income for a dependant, or both. A quarter of your pension pot can be taken tax-free, and any other withdrawals will be taxable.

People who have a medical condition, are in poor health, smoke or are overweight may get a significantly higher income by taking an enhanced annuity. These people should consider opting into health and lifestyle questions – and it's essential to answer these questions honestly.

People considering this option should think about whether to provide an income for a partner or another dependent on death and, therefore, whether to purchase a single-life or joint-life annuity. Compare what, if anything, we offer to spouses or dependants against what's offered by another scheme or provider.

'Level' annuities provide a higher income to start with than annuities that increase, but the payments will then stay the same for life. This means that the purchasing power of the annuity income will reduce over time due to inflation.

You don't have to take an annuity or other pension we may offer – and different providers might pay a higher income. So it's important to shop around. Remember that annuity purchases are a lifetime commitment, so there's no rush to make a final decision.

## **You can keep your retirement savings where they are**

You can delay taking money from your pension pot. Reaching age 55 or the age you agreed with your pension provider to retire is not a deadline to act. Delaying taking your money may give your pension pot a chance to grow, but it could go down in value too.

The following general risk warnings apply if you transfer your pension out to a pension arrangement that offers flexible access:

## **You can get a flexible retirement income (flexi-access drawdown)**

You can leave your money in your pension pot and take an income from it. Any money left in your pension pot remains invested, which may give your pension pot a chance to grow, but it could go down in value too. A quarter of your pension pot can be taken tax-free, and any other withdrawals from your chosen pension arrangement will be taxable.

As with every investment, there's the risk that the value of a pension pot can go up and down. People considering this option should think about how much they take out every year and how long their money needs to last. If too much money is taken too quickly, the available retirement income could fall drastically or even run out, especially if stock markets fall.

Charges can reduce the money received. Check whether there are any charges or other reductions to a pension pot when a lump sum is withdrawn. Providers and schemes may also make ongoing charges on any undrawn money, so it's important to consider the impact of these charges. And if you plan to take the cash to invest somewhere else, check the charges before you cash in your pension.

Different schemes and providers offer different types of flexible retirement income. Check what kind of drawdown is being offered. Some might have products where part of your income is guaranteed, but charges and conditions will apply. People considering a flexible retirement income should consider shopping around – an FCA-regulated financial adviser will be able to help with this.

## **You can take your pension pot as several lump sums**

You can leave your money in your pension pot and take lump sums from it as and when you need it until your money runs out or you choose another option. You can decide when and how much to take out. Any money left in your pension pot remains invested, which may give your pension pot a chance to grow, but it could go down in value too. Each time you take a lump sum, a quarter of it is tax-free, and the rest will be taxable.

People considering this option should consider their personal tax circumstances and the impact of taking a taxable lump sum on the tax they pay – including the possibility that they may have to pay a higher rate of tax than normal depending on the amount withdrawn. As with every investment, there's the risk that the value of a pension pot can go up and down. People considering this option should think about how much they take out every year and how long their money needs to last.

Charges can reduce the money received. Check whether there are any charges or other reductions to the pension pot when a lump sum is withdrawn. Charges will continue to be taken from any money left in the pension pot, so it's important to consider the impact of these charges. And if you plan to take the cash to invest somewhere else, check the charges before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People concerned about this aspect can contact the Citizens Advice Bureau or MoneyHelper.

## **You can take your whole pot as cash in one go**

You can take the whole amount as a single lump sum. A quarter of your pension pot can be taken tax-free the rest will be taxable. You do not need to stop working to take this option, but you need to plan how you will provide an income when you stop working.

On average, people aged 55 today will live to their mid-to-late 80s. It's important not to underestimate your life expectancy. People considering this option should think about using the money to provide an income throughout retirement.

There will be tax implications if an entire pension pot is taken as cash in one go. These will depend on an individual's personal circumstances. In most cases, there will be a tax-free amount available (usually 25%). People considering this option should consider their personal tax circumstances and the impact of taking a taxable lump sum on the tax they pay – including the possibility that they may have to pay a higher rate of tax than normal. Some providers and schemes may have charges for taking a pension pot as cash, so check this before committing. And if you plan to take the money to invest somewhere else, check the charges before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People concerned about this aspect can contact the Citizens Advice Bureau or MoneyHelper.

## **You can choose more than one option, and you can mix them**

You can also choose to take your pension using a combination of some or all of the options over time or over your total pot. If you have more than one pot, you can use the different options for each pot. Some pension providers or advisers can offer you an option that combines a guaranteed income for life with a flexible income.