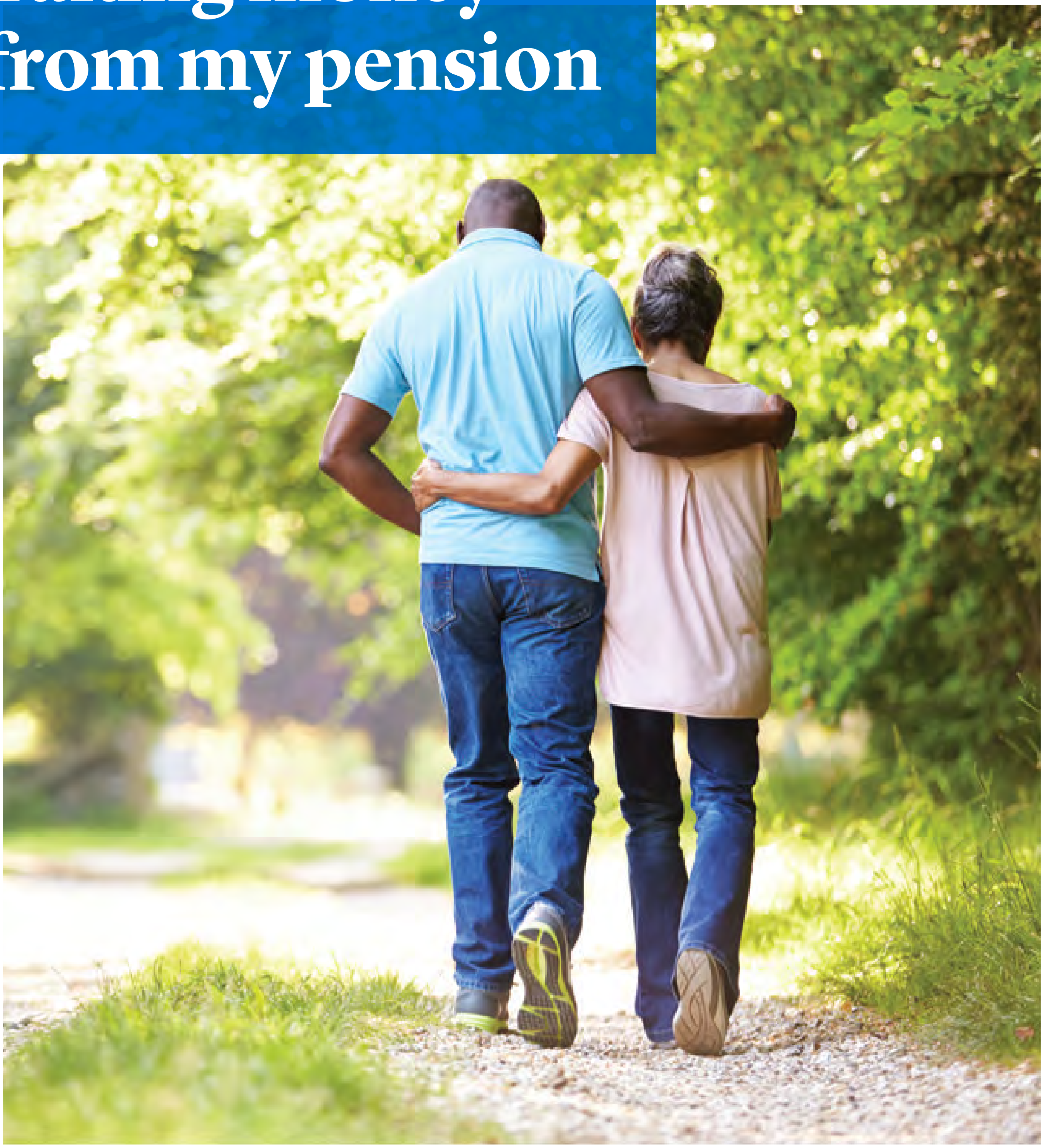
Taking money from my pension



A guide to taking cash lump sums and income payments when you transfer into the Mastertrust Pension Access Scheme.

This is an important document. Please keep it safe for future reference.

Contents

Welcome	3
Introduction	4
Options	5
Things to consider	6
Introducing investment pathways	7
Tax and allowances	8
Charges	9
Questions and answers	10
Helpful information	11
Terms explained	12

Welcome

Welcome to your Taking money from my pension document.

This document tells you about the options you have from age 55 and how to take money directly from your pension pot with us. Some, or all, of these options may be available to you under your current plan.

We aim to use language that's easy to understand. Where we've had to use terms that you may not be familiar with we've given clear definitions. The terms will be in blue like this and an explanation of their meaning can be found in the 'Terms explained' section on page 12.

You should shop around to find what's best for you. Different providers will offer different options, features, rates of payment, qualifying criteria and charges. You've the right to transfer some or all of your pension pot to one or more providers.

There is a free guide available from MoneyHelper, 'Your pension: it's time to choose', which has information on your options and helpful tips on how to shop around for the best deal. MoneyHelper is a free, government organisation that offers guidance to make money and pension choices clearer. To find out more visit: **moneyhelper.org.uk**

Contact us

If you've any questions and want to talk to us about your pension plan, please get in touch with us.

Online account

You can check the current value of your pension savings at any time by logging into your online account at: **legalandgeneral.com/mya**

Telephone
You can call our helpline on **0345 070 8686**
Open between the hours of 8:30am and 7:00pm Monday to Friday.

Call charges will vary. We may record and monitor calls. Please be aware our helpline staff can't provide financial advice.

Post
DC Pensions
Legal & General
PO Box 1560
Peterborough
PE1 9AP

Email
Alternatively you can email us at:
PensionAccessScheme@landg.com

Introduction

The Mastertrust Pension Access Scheme is a defined contribution scheme and this arrangement is designed to allow you to flexibly access your pension pot. When we refer to 'the Mastertrust' in this document we're referring to the Pension Access Scheme.

Once you're ready to access your pension pot, usually any time from age 55, you can choose to transfer some or all of it into the Mastertrust for additional options that are not being provided by your existing scheme.

Once transferred, you must use some of your pot to take a cash lump sum, or use it to take an income, or a combination of the two.

You're also able to transfer in money from other pension arrangements at a later date should you wish.

There may be other options available to you under your existing scheme including taking your whole pot as cash or using your pension pot to buy an annuity. We do not cover these in this guide. To understand all of your options please refer to the information given to you by your existing scheme or ask them for further details.

The 'Tax and Allowances' section on page 8 of this guide explains the tax treatment of the various options but is not intended as a tax planner. You'll need to understand your own circumstances or seek professional advice if you wish to understand the precise tax implications.

Where can I get help with these options?

Pension Wise from MoneyHelper - this free and impartial service helps you understand your options for using your pension pot, so you can choose the right one for you. Provided by MoneyHelper, a government organisation, it offers clear and simple guidance online or over the phone. This service:

- covers a range of options to help you make sound decisions and take informed action, whether that's seeking further advice or purchasing a product;
- tells you about the different types of pensions and what you can do with your pension pot – what's tax-free and what's not;
- is offered face to face by Citizens Advice or by phone with Pension Wise.

To find out more or book an appointment visit **moneyhelper.org.uk/pensionwise** or call **0800 138 3944**

If you're still unsure about your options we recommend you speak to a financial adviser. You can find one in your local area by visiting **unbiased.co.uk**. Please note, financial advisers will usually charge a fee for their services. Legal & General can help you to access guidance and advice. Please visit your scheme website (if applicable) to see what services are available to you. Or you can call us on **0345 070 8686** for more information. Call charges will vary and we may record and monitor calls.

Neither the managers nor the trustees of your previous pension scheme, Legal & General or the Mastertrust trustees will be held responsible for the consequences of your decisions about how you choose to take money from your pension pot.

Options

Take cash lump sums

You can leave money invested in your pension pot and take cash lump sums on an occasional basis as you need to. Usually 25% of each cash sum you choose to withdraw will be tax-free (subject to allowances) with the remainder taxed as income. Payments will be paid directly to your bank account.

Flexi-access drawdown

Flexi-access drawdown allows you to select some or all of your pension pot and take a maximum of up to 25% of the amount as a tax-free cash lump sum (subject to allowances), while the remainder stays invested. After taking any tax-free cash your remaining pot will stay invested until you choose to take any more money from it. This can be on a regular and/ or occasional basis. The money taken will be taxed as income.

Staying invested means your pot may benefit from additional investment growth, helping to continue to build your savings while drawing an income. It's important to choose an investment approach for the remaining funds that best suit your goals for the future. On page 7 there are some options you can choose from based on your objectives for the next 5 years. Depending on which option you choose, we'll automatically invest your pension pot in a way that supports your choices. You can also stay in your current funds, or make other investment choices. You'll need to keep your plans and goals under regular review.

The value of your pot may go down as well as up and its value will depend on investment performance in addition to other factors (such as charges and the effect of inflation), including how much income you choose to take.

The more income you take the more likely the savings in your pot may run out. You should consider a number of things, please see page 6 for more details.

If you decide to take a regular income from your pension pot, you can stop, start or change the amount you take, in order to suit your own needs and tax position.

Regular payments will be paid directly to your bank account. You can request one-off withdrawals which could be in addition to any monthly payments.

When you select the amount of your pot you want to use for a flexible income, you can choose to take an amount up to 25% tax-free (subject to allowances). If you select less than 25% tax-free cash, you can't change this and access the percentage of tax-free cash you didn't take at a later point from that pot. However if you've some of your pension savings remaining to take at a later date, you can take 25% tax-free cash (subject to allowances) from this pot when you access it.

Things to consider

- Regular and/or occasional income payments or cash lump sums taken from your pension pot will not provide you with a guaranteed income for life. Only a lifetime annuity can provide this certainty.
- The more money you take out, the faster your pension pot will run out. This could leave you with no income above your State Pension entitlement. Equally, you should ensure that you take enough money from your pension pot to meet your needs where possible.
- If you die before your pension pot is used up your beneficiaries can continue to benefit from it, by taking an income or a cash sum. Please see 'What happens to my remaining pension pot if I die?' on page 10.
- Taking money from any of your pension pots could increase the tax you pay on any income that you receive in the same tax year. This means you might be required to pay a higher rate of income tax than you would otherwise usually pay. This may also mean you have to complete a self-assessment tax return.
- There are different tax consequences depending on how you take money from your pension pot and your personal circumstances. For more details about these please see the 'Tax and Allowances' section on page 8.
- Any money you leave in your pension pot remains invested in funds with specific risks. The value of these funds is not guaranteed and can go down as well as up. You can find full details of the risks for each fund on the fund factsheets which can be found in the investment guide on our website **legalandgeneral.com/pensionaccess**
- Some investment funds may not be as suitable for your needs as others when taking money from your pension pot. If you're looking to take a flexible income you can choose one of the investment pathways on the next page. We recommend that you take financial advice if you've any doubts. You can find a financial adviser in your local area at **unbiased.co.uk**. Advisers usually charge a fee for their services. Legal & General can help you to access guidance and advice. Please visit your scheme website (if applicable) to see what services are available to you. Or you can call us on **0345 070 8686** for more information. Call charges will vary and we may record and monitor calls.
- The law and tax rates may change in the future. Although it's not possible to know what changes future governments might make, any alteration to the law or taxes could affect the level of benefits you receive. The amount of tax payable by you will depend on your individual circumstances.
- Taking money from any of your pension pots could mean you lose any entitlement to means tested state benefits such as, housing benefit, council tax deductions, income support, income-based jobseeker's allowance and universal credit.
- You should check whether any benefits you or your partner receive (or could be entitled to in the future) will be affected by you accessing your pension savings. If you do receive state benefits you may wish to discuss this with the office that issues your benefits, or with Pension Wise, a service from MoneyHelper.
- If you choose to transfer your pension pot to the Mastertrust Scheme, HM Revenue & Customs (HMRC) regulations will not allow you to keep any protected tax-free cash entitlement that you may have. With protected tax-free cash, you could take more than 25% of your pension pot from your existing scheme as a tax-free cash sum but under the Mastertrust Scheme you would be limited to a maximum of 25% tax-free cash (subject to allowances). Please note that current legislation means that it's not possible for you to take your tax-free cash from your current scheme before transferring to us.
- In all cases, you will not have a right to cancel after transferring to the Mastertrust. However, you will be able to transfer from the Mastertrust to another registered pension scheme, or a qualifying recognised overseas pension scheme.

Introducing investment pathways

(Only applicable if you are considering taking a flexible income)

Your choice to take a flexible income is about what you want to do with your pension savings today. The options on this page are about making sure that the portion of your pension pot that remains invested can support your objectives for the future. Think about the options below and decide which option best suits your objectives for the next five years. If you've more than one goal you might want to consider splitting your pension pot between the different options to achieve this. We'll invest your pension for you in a way that supports your choices. These are known as investment pathways.

You'll be able to choose one or more investment pathway when you come to request a quote. You don't have to choose an investment pathway. If you want to choose your own funds or leave the portion of your pension that remains invested in your current funds, you can tell us that too.

Option 1

I have no plans to touch my money in the next five years

Leave it invested: You may be thinking about leaving this part of your pension savings for inheritance or investing it for later in retirement. This option aims for longer term investment growth.

Option 2

I plan to set up a guaranteed income (annuity) within the next five years

Be ready to buy an annuity: You're looking to use this part of your pension savings for a guaranteed income (annuity). You want to know exactly how much you're getting, come rain or shine. This option will invest your savings until you've shopped around for the annuity that suits you.

Option 3

I plan to start taking a long-term income within the next five years

Start taking a flexible income: You might be planning on using this part of your pension savings for an occasional or regular income to meet your day to day needs in the early years of your retirement. This option aims to support withdrawals with the potential for investment growth over a longer period.

Option 4

I plan to take my money within the next five years

Use it all: You're thinking about taking this part of your pension savings for holidays or rainy days. This option aims to invest your pension savings in funds that are less likely to go up and down in value.

Other providers offer alternative investments, so you may benefit from shopping around. Pension Wise is available to help you do this, to find out more or book an appointment visit **moneyhelper.org.uk/pensionwise**

Tax and allowances

Tax

In most circumstances up to 25% of your pension pot can be paid tax-free (subject to allowances). The remainder is taxable income under the Pay As You Earn (PAYE) system. Under current legislation, the payments will not be subject to deductions in respect of National Insurance.

Please see section 'What happens to my remaining pension pot if I die?' in 'Questions and Answers' on page 10 for details about tax if you die and there is still money left in your pension pot.

Emergency tax codes

You should be aware that for any of the options (excluding small pots) outlined in this guide we'll deduct tax based on the emergency tax code as we're required to by HMRC on the first payment.

This may mean that we deduct too much or too little tax. However, HMRC will adjust this through your tax code and if we're making further payments to you, they will be taxed at your normal rate of income tax.

Allowances

Money Purchase Annual Allowance:

- When you first take money from any of your pension pots, other than as a tax-free cash sum only payment, your annual allowance may reduce to £10,000. This is known as the money purchase annual allowance (MPAA). We'll tell you if this applies to you. You'll need to tell all other pension plans where you're still building up benefits about this within 91 days. You will also have to tell any new schemes that you might join in the future.

Annual Allowance:

- If you're a member of a defined benefit scheme (sometimes known as final salary), the money purchase annual allowance won't affect that scheme.
- For more information about the annual allowance please see the 'Terms Explained' section on page 12.

Lump Sum Allowance:

When you access your pension, you can usually take up to 25% of it as a tax-free lump sum.

Your lump sum allowance is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it.

The lump sum allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.

Charges

What are the charges for taking money from my pension pot?

We'll not charge you for taking money from your pension pot.

We'll deduct an Annual Management Charge (AMC) and Fund Management Charge (FMC) on any money that remains invested in your pension pot.

Annual Management Charge (AMC)
This charge covers the cost of running your pension account and the rate of charge has been agreed with your employer. We show the AMC as a percentage of the value of your pension pot over a year. Please see your terms and conditions booklet (for example, your Member's booklet or Policy booklet) for more information.

We work out the charge daily and take it once a month. We take these charges by selling units in the fund or funds that you're invested in.

Fund Management Charge (FMC)
This charge covers the cost of running the investment funds, including investment pathways. Different investment funds have different FMCs that are reflected in the price of the units of each fund rather than being deducted from your pension pot. The current FMC for the Legal & General (PMC) Retirement Income Multi-Asset Fund is 0.31% a year. Your pension pot will be invested in this fund unless you tell us otherwise.

In certain circumstances we may need to make changes to our charges or introduce new charges. We'll normally give you 30 days' advance notice of any change. The FMC of any fund could change in the future.

Questions and answers

If I decide to transfer to the Mastertrust scheme can I still contribute to my existing plan?

You'll need to ask your employer if this is an option for you.

Please refer to the 'Allowances' section on page 8 for more information, as accessing your pension pot may reduce the maximum amount that can be paid into all pension schemes each year without incurring a tax charge.

Where will my money be invested after it is transferred?

You can tell us the fund or funds where you want to invest your transfer. If you don't want to instruct us, we'll automatically invest your transfer in the Legal & General (PMC) Retirement Income Multi-Asset Fund.

More information about the funds available can be viewed online in your investment guide.

Can I transfer my pension pot or buy an annuity after taking flexi-access drawdown?

You can transfer any remaining pension pot to another registered pension scheme or buy an annuity with any annuity provider even after you have taken some money from your pension pot.

Which funds will you take my money from for income or cash lump sums?

If you're taking only some of your money and leaving some invested, you may want to think about which investments you want to take or leave behind. If you are invested in more than one fund, you can tell us which funds to deduct money from first. However, if you don't tell us, we'll deduct money proportionately from all the funds your pension pot is currently invested in.

Once I have taken money from my pension pot, can I change my mind?

You cannot change your mind once we've made any payments to you.

You can however let us know if you wish to stop or change the amount of regular monthly payments at any time.

What happens to my remaining pension pot if I die?

If you die before age 75: the value of any remaining money in your pension pot can be taken by your nominated beneficiary, in most cases as a tax-free single cash lump sum subject to allowances or through flexi-access drawdown. However, the option of flexi-access drawdown is not subsequently available after the death of any beneficiary who had chosen this option.

If you die aged 75 or over: the value of any remaining money in your pension pot can be taken by any nominated beneficiary, in most cases as a single cash lump sum subject to the beneficiary's marginal rate of income tax. Alternatively, any nominated beneficiary may be able to take an income through flexi-access drawdown, subject to their own marginal rate of income tax.

If the beneficiary is your spouse, registered civil partner or another dependant, they will also have the option of using the remaining money in your pension pot to buy an annuity. The annuity payments are subject to the marginal rate of income tax.

Lump Sum and Death Benefit Allowance

Your lump sum and death benefit allowance (LSDBA) is the total amount of tax-free money you can take across all the pensions you have as a:

- tax-free lump sum
- tax-free serious ill-health lump sum, paid out before you turn 75, or
- tax-free lump sum death benefit, paid out if you pass away before you turn 75.

The LSDBA is £1,073,100. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance. Income tax will need to be paid on any funds paid above the LSDBA, by whoever receives the payment.

Helpful information

There are a number of organisations that can help you find out more about workplace pension plans.

Citizens Advice

Citizens Advice aim to provide the guidance people need for the problems they face and improve the policies and practices that affect their lives. Further information is available at:

citizensadvice.org.uk or by calling **0345 404 0506**

GOV.UK

GOV.UK is a useful source of information from the Government on pensions. On their website you'll be able to find information about pensions and retirement, including the State Pension, Pension Credit, National Insurance in retirement and much more.
gov.uk

Pension Tracing Service

The Pension Tracing Service provides a tracking service for ex-members and their dependants of schemes with pension entitlements, who have lost touch with earlier employers.

The Pension Tracing Service can be contacted at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Tel: 0345 600 2537
gov.uk/find-pension-contact-details

MoneyHelper

The Government's free and impartial service, offering guidance to make money and pension choices clearer.

MoneyHelper can be contacted at:

Holborn Centre
120 Holborn
London
EC1N 2TD

Tel: **0800 011 3797**
moneyhelper.org.uk

The Pensions Ombudsman

The Pensions Ombudsman has the power to investigate and decide upon complaints and disputes involving occupational pension schemes. The Pensions Ombudsman can help before or after a pension scheme's internal dispute resolution procedure (IDRP) has been completed.

The Pensions Ombudsman can be contacted at:

Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Tel: 0800 917 4487
pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

The main purpose of TPR is to monitor the running of occupational pension schemes. In general it will act if and when irregularities in the running of a scheme are brought to its attention.

The scheme's administrators and professional advisers have a duty to provide a report to TPR if they believe there have been any irregularities in the running of the scheme.

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0345 600 1011
thepensionsregulator.gov.uk

Pension Wise from MoneyHelper

This free and impartial service helps you understand your options for using your pension pot, so you can choose the right one for you.

Provided by MoneyHelper, a government organisation, it offers clear and simple guidance online or over the phone.

To find out more or book an appointment visit
moneyhelper.org.uk/pensionwise
or call **0800 138 3944**

Terms explained

Annual allowance

Generally, you can pay the equivalent of your entire annual salary each year (or up to £3,600 if that's more) and still get tax relief.

However, the Government has put in place an annual allowance which, for the 2024/2025 tax year is £60,000. It includes any money that you pay in and any money that an employer pays in on your behalf to any pension plans you may have. For those with earnings over £200,000 a year, and £260,000 a year when total pension contributions are included, the annual allowance may reduce below £60,000 but not less than £10,000.

If you exceed the annual allowance, you will pay tax on the total amount that is paid above it.

Annuity

An annuity is a product that provides you with an income when you come to retire. You can use the value of your pension pot to buy an annuity from us or another annuity provider. You will then receive an income for the rest of your life or for a fixed term. How much income you'll get depends on a number of things including how much your pension pot is worth and the annuity rate at the time you come to buy one. Don't forget that you can buy an annuity from whichever provider you choose and it pays to shop around for the right deal for you.

Defined benefit scheme

This is often referred to as a final salary scheme. The benefits are 'defined' so you can calculate how much you will get when you take your benefits. They depend on your salary level when you leave the scheme, your time in the scheme and the accrual rate. This is the rate that pension benefits build up at for each member.

Defined contribution scheme

These can be money purchase occupational schemes, a stakeholder or personal pension plan. What's paid in is the defined part, rather than the final benefits. The final benefits will depend on the total contributions paid in and how they have performed whilst invested. Your income also depends on the options you choose at retirement.

Dependant

A dependant is either:

- A person who was married to or in a registered civil partnership with you at the time of your death;
- A natural or adopted child provided he/she is under the age of 23 or was dependent upon you at the date of your death because of mental or physical impairment; or
- A person who falls into neither of the above categories and who at the date of your death was either financially dependent on you, in a financial relationship of mutual dependence with you or dependent on you because of mental or physical impairment.

Emergency tax code

This is a temporary tax code which is applied to your first income payment. HMRC will advise your correct tax code to your employer or pension provider.

Your tax code is used by your employer or pension provider to work out how much income tax is deducted from your pay or pension. More information on income tax is available at **gov.uk/income-tax-rates**

Lump Sum Allowance

When you access your pension, you can usually take up to 25% of it as a tax-free lump sum.

Your lump sum allowance is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it.

The lump sum allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.

Marginal rate

This is the rate of tax you pay on your taxable income which exceeds your personal allowance. The basic personal allowance for the 2024/25 tax year is £12,570. This reduces by £1 for every £2 earned over £100,000 and will be £0 if your total taxable income exceeds £125,140.

The rate of tax you pay is determined by the rates and bands set by the government. These will depend on where you live in the UK. You can find out more about tax rates and bands at **gov.uk/income-tax-rates**

Pension pot

The value of all your transfers plus any investment growth, less charges.

Registered pension scheme

So that you can benefit from the tax advantages of saving in a pension plan, the scheme needs to be registered with HMRC. This includes occupational and private personal pension schemes but excludes State Pension schemes.

Trustee

A trustee is a person or company, acting separately from the employer, who holds assets in the trust for the beneficiaries of the scheme. Trustees are responsible for ensuring that the pension scheme is run properly and that members' benefits are secure. For the purposes of this document, where trustee is highlighted in blue it refers to the current Trustees which are:

- Legal & General Trustees Limited;
- The Law Debenture Pension Trust Corporation plc;
- Vidett Trustee Services Limited; and
- Independent Trustee Services Limited.

The Trustees have appointed Legal and General Assurance Society Limited to administer the Mastertrust on their behalf.

Contact us

For further information, please contact:

0345 070 8686

legalandgeneral.com/pensionaccess

legalandgeneral.com/mya

Call charges will vary. We may record and monitor calls.

The Pension Scheme:
Legal & General WorkSave Mastertrust (RAS) Scheme
Authorised and regulated by The Pensions Regulator

Administrator:
Legal and General Assurance Society Limited.
Registered in England and Wales No. 166055

Registered office: One Coleman Street, London EC2R 5AA
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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