Retirement Option Questionnaire

01. Member Details

Full Forename(s)	Surname	Date of Birth (DD/MM/YY)

Scheme ID

02. Questionnaire

Following the pension freedom rules changes in April 2015, we are now required to ask you the following questions. In certain circumstances you should be aware of different options that may be more suitable for your circumstances and risk factors you may need to consider prior to accessing your benefits.

Your answers to the questionnaire will guide us to providing you with personalised information and tailored risk warnings. After doing so we will then be able to proceed with processing your drawdown request. There is a glossary of terms available to assist you on page 3.

Complete the following questionnaire and we will issue you the required information and risk warnings.

Are there any aspects of your health or lifestyle that could potentially shorten your life expectancy?

☐ Yes ☐ No ☐ Unsure

If you have poor health or a lifestyle that could reduce life expectancy (i.e. heavy smoker) then you may be eligible for a better value annuity, for example an enhanced annuity. On the other hand, by accessing pension savings could mean that benefits may not pass as tax efficiently to your dependants and/or beneficiaries.

Do you understand that there are no guarantees attached to the amount of income or lump sums paid via drawdown, capped-drawdown and / or uncrystallised funds pension lump sum?

☐ Yes ☐ No ☐ Unsure

There are different ways of accessing your pension benefits. You are considering accessing your pension benefits via flexi-access drawdown, lump sum or committing further funds to capped-drawdown where funds are taken directly from your pension savings. Unlike some other ways of accessing your pension, such as buying an annuity with some or all of your pension pot, there are no guarantees attaching to taking benefits via drawdown and/or lump sum. This is because the amount of benefit paid to you, whether a lump sum and/or an income, is determined by the value of your pension pot at the time.

Are you reliant on the funds within this pension pot to provide an income through your later years / retirement and, where applicable, for your dependants / beneficiaries after your death?

☐ Yes ☐ No ☐ Unsure

In the past a pension fund has been viewed as a savings plan aimed at providing an income in the later years of one's life (i.e. anytime after age 55), either until death or beyond through benefits for dependants and/or beneficiaries.
Accessing some or all of a pension fund using flexi-access drawdown, capped drawdown or lump sums can jeopardise the ability to fund income in later life and beyond for dependants/beneficiaries. This is because the funds are exhausted quicker, or all in one go, meaning there is little or no money left in the pension pot to either access and/or commit to an annuity should a guaranteed income be required.

Are you comfortable in your understanding of the effect that the investment of your pension savings has on your future income from these savings?

☐ Yes ☐ No ☐ Unsure

When electing to take pension savings by flexi-access drawdown, capped-drawdown or taking some (but not all) funds as a lump sum, the remaining pension savings will remain invested until it is decided to draw these remaining funds as an income/lump sum. The investments remaining within the pension may fall as well as rise and this could decrease future income that is able to be taken from the pension savings. Moreover certain investments may be difficult to value and/or sell when access is required, leading to potential costs and/or delays in payment of benefits.

Are you comfortable that you fully understand the income tax implications of taking your benefits, whether by flexi-access drawdown, capped-drawdown or lump sum?

☐ Yes ☐ No ☐ Unsure

Typically when accessing pension pots, benefits can be paid as a 25% of the fund as a lump sum, free of UK income tax, with any income from the remaining 75% of the fund subject to UK income tax.
The income from the remaining 75% of the fund can either be taken in stages (drawdown) or in one go. The income taken from your pension pot is added to any other income you receive and this determines what, if any, rate of UK tax you pay. It follows therefore that the more income you take, particularly if taken in one payment from your pension rather than in stages, the higher your income will be and therefore a potentially higher rate of tax paid, especially if you cross into a higher tax band. Your tax position may also be affected by your country of domicile and tax residence.

02. Questionnaire (continued)

Are you comfortable that you fully understand the tax implications of taking your benefits, whether by flexi-access drawdown, capped-drawdown or lump sum, insofar as they relate to investments and inheritance tax?

☐ Yes ☐ No ☐ Unsure

One of the attractions of a pension fund is that generally investments grow free of tax. For example interest paid on a bank account within a pension pot would not be subject to tax whereas interest paid on an individually held bank account would quite possibly attract tax. Consequently it follows that one of the impacts of moving funds out of a pension is that if funds are reinvested in investments held personally, the tax treatment of those investments may not be as favourable as if the funds were left invested in the pension pot. Therefore a consideration of accessing pension funds, with a view to possibly reinvesting the funds personally is possibly higher tax charges than if the funds were left in the pension pot.

The other potential impact is that whilst funds are held in a pension pot they may be outside of a person's estate for inheritance tax purposes whereas once paid to the individual from the pension pot, they could fall within the person's estate.

Are you comfortable that you have considered the impact of charges or fees by investing any benefits you take from your pension elsewhere?

☐ Yes ☐ No ☐ Unsure

Where benefits are paid from a pension pot the investments held within the pension generally have to be converted into cash to allow the benefits to be paid. This sometimes results in charges or fees being incurred.

If the intention is to reinvest some or all of the benefits into other investments then this too may incur charges. For example, if shares were sold within the pension in order to pay the benefits and then repurchased in the person's name once the benefits had been paid, there would be two sets of charges incurred - the selling costs within the pension and the buying costs incurred by the person. Similarly if you invest in other savings plans, these may well have charges attaching.

Consequently the impact of charges and fees needs to be considered when taking benefits.

Are you comfortable in your understanding that creditors may have a call on any money taken from your pensions savings?

☐ Yes ☐ No ☐ Unsure

Funds held within a pension pot offer some protection against a person's creditors. This is because generally the funds within a pension scheme are ring-fenced (as they are held by trustees) meaning creditors cannot access these funds directly. Consequently if a person has a debt which they cannot pay, whilst creditors may be able to force the sale of assets held personally to repay the debt, the pension pot is not generally an asset the creditor can access.

If funds within a pension pot are accessed via flexi-access drawdown or taken as a lump sum then these funds become held personally and therefore could be available to creditors in the event of an unpaid debt.

Are you or is there the possibility of your being declared bankrupt, or are you currently an undischarged bankrupt?

☐ Yes ☐ No ☐ Unsure

Where an individual is declared bankrupt or is an undischarged bankrupt by accessing pension benefits a trustee in bankruptcy can apply to the court for an income payments order under the terms of the Insolvency Act 1986.

Are you aware that accessing pensions savings via drawdown or lump sums could impact on any means-tested benefits you receive and the implications this will have on your personal circumstances?

☐ Yes ☐ No ☐ Unsure

Increasingly State benefits are becoming means-tested. Often means-testing is based on a person's individual wealth and/or income rather than necessarily what funds are held in their pension pot. By accessing pensions savings through drawdown or lump sums could increase a person's wealth and/or income that could impact on any means-tested benefits received. This could even apply where the pensions savings accessed are passed on to others. Further information can be found in the Department of Work & Pensions (DWP) factsheet.

Are you aware that investment scams exist, often targeting pensions savings, and that care should be taken when investing any funds taken from your pension pot?

☐ Yes ☐ No ☐ Unsure

The incidents of investment scams have increased over recent years. Such scams can be far ranging and by way of example have included schemes such as overseas forestry, farmland or property investments. Often pension savings have been targeted for these investments although pension providers now have tightened their controls to prevent such investments occurring. As a consequence there is a fear that those involved in pension scams may instead seek to entice people to access their pensions savings with a view to persuading them to invest in unsafe investments.

The FCA have produced various warnings on this matter within the 'Consumers/Scams' section of their website.

Are you aware that flexibly accessing your pension savings to provide income will reduce your annual allowance to £10,000?

☐ Yes ☐ No ☐ Unsure

The total contributions that can be made to all pension schemes are restricted by the annual allowance. This is currently £40,000 for the current tax year. Once pension savings have been flexibly accessed via flexi-access drawdown (and income paid) and/or uncrystallised funds pension lump sum the annual allowance is automatically reduced to £10,000, for money purchase arrangements.

Are you satisfied that you have adequately researched and understood the options available to you in accessing your pensions savings and that you are making an informed choice in the method you have selected?

☐ Yes ☐ No ☐ Unsure

One of the impacts of the new rules allowing greater pensions flexibility that came into effect in April 2015 was greater choice in the range of products available to access pension savings. This adds potentially more complexity when deciding how to access pension savings - choices are increased and all have pros and cons, including taxation and cost. Consequently it is advisable to research all available options and ideally take advice from a suitably qualified and authorised adviser.

Member's Signature	Date

03. Glossary of terms used

Annuity: A regular income for life (or in some cases a set period) that is purchased from an annuity provider using your pension savings. We do not provide annuities.

Capped-drawdown: This is where you have already accessed your pension, whether by a lump sum and / or income under the rules which applied prior to 6th April 2015 which meant that the level of income you could receive is 'capped' at a maximum level. In many cases this type of drawdown can continue after the 6th April and one of the potential advantages of this is that staying in this method of drawdown is that the Money Purchase Annual Allowance may not apply (depends on your overall circumstances though). It is possible to convert capped-drawdown to flexi-access drawdown.

Drawdown: This is a generic term describing where income is taken from pension savings. The income can be taken on a regular or ad-hoc basis.

Flexi-access drawdown: This is the name that applies to drawdown commenced after 6th April 2015. Whilst you do not have to take an income under flexi-access drawdown, as soon as you do, one of the consequences is that the Money Purchase Annual Allowance applies in respect of any contributions you make. When you access your pensions savings in this way you can choose to take all or part of your pension savings.

Lump sum: See Uncrystallised Funds Pension Lump Sum and Small pots. Within this questionnaire the term 'lump sum' is used to cover both these methods of accessing your pension savings.

Money Purchase pension: This is a pension arrangement where the amount of the benefits you receive, whether through a lump sum and/or income, is determined by the value of your pension savings.

Money Purchase Annual Allowance: This applies as soon as you receive any income via Flexi-access drawdown or Uncrystallised Funds Pension Lump Sum. It has the effect of restricting the amount of money you can contribute to a Money Purchase pension to £10,000 rather than £60,000 under the Annual Allowance.

New rules: This is a generic term used that refers to the additional flexibility that applies to accessing your pension savings from 6th April 2015. In this questionnaire this applies to where you are considering:

- adding further funds to your existing capped-drawdown arrangement;
- accessing your pension savings via Uncrystallised Funds Pension Lump Sum;
- accessing your pension savings using the small pots rules;
- accessing your pension savings via Flexi-access drawdown.

Pension Commencement Lump Sum (PCLS): This is the part of the uncrystallised fund that can be taken free of UK income tax and can be up to 25% of the fund.

Pension pot: This is the sum of money that you have built up within your pension arrangement. This term is used interchangeably with 'Pension savings'.

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Small pots: This is the term that refers to accessing your pensions savings where your total pension savings form all sources is below a total of £30,000. Specific HMRC rules apply to accessing pension savings in this way.

Uncrystallised Funds Pension Lump Sum (UFPLS): This is where you can access all or part of your pension savings that you have not accessed previously. Within this questionnaire we have referred to this method of accessing your pension savings as 'lump sum'. In this scenario the amount of pensions savings accessed is paid as a combination of a lump sum that is free of UK income tax (25% of the amount accessed) and the rest (75% of the amount accessed) is paid as income which is subject to UK income tax.