This is your moment.

Before deciding how you’d like to access your retirement savings, it’s a good idea to take some time to fully understand all your options. That’s because when it comes to your money, the best decisions are usually carefully planned.

In this guide we’ll walk you through your retirement options. We’ll show you what to expect from each route and point out the risks to watch out for along the way.

Take some advice

We’re big believers in the value of impartial advice. In our experience, it goes a long way to helping customers enjoy the best possible retirement outcomes.

So if you’re looking to make the most of your retirement savings, we’d recommend talking to a financial adviser. If you don’t have an adviser, you can find one in your area by visiting unbiased.co.uk/find-an-adviser.

You’ll find other sources of support at the end of this guide.
What you’ll find inside

In each section we’ll pull out some key information you should take on board. Make sure you read everything carefully - it might just help you avoid something you’d later regret.

- **Relax with a secure income**
  Page 4

- **Take control with flexible access**
  Page 6

- **Enjoy a cash lump sum**
  Page 8

- **Leave things for now**
  Page 10

- **Stay alert to risks**
  Page 12

- **Find the support you need**
  Page 14
You can turn your retirement savings into a regular income that’ll keep going for as long as you do.

**How does it work?**
You’ll use your retirement savings to buy a secure income, also called an ‘annuity’, from a provider of your choice.

This will guarantee to pay you a regular, fixed amount of money for the rest of your life.1

How much income you can expect to receive will depend on the money you’ve saved, your age and health when you retire and any extra features you choose to add - see below for details.

**What are my options?**
With a secure income, you can ‘bolt on’ extra features that will offer some extra protection to you and your loved ones after you retire.

It’s likely any extra features you choose to add will reduce the starting level of your retirement income.

**Take care of your loved ones**
You can pass on a portion of your retirement income to your spouse, civil partner or other dependant(s) should they live longer than you do.

**Keep pace with inflation**
You can add yearly increases to your retirement income. This can help you protect the buying power of your money as the cost of goods and services inevitably go up in price.

**Extend your income beyond death**
By adding a ‘guarantee period’, your income payments will continue for a set period of time - even if you die before then.

**Be honest about your health**
You could get a higher regular income if you have any health issues or habits that could shorten your life expectancy. This is called an ‘enhanced annuity’.

So if you’re talking to a provider about buying a secure income, be open and honest about your health. You should also shop around to find the best deal.

**What else can I do?**
Once you know exactly what features you’d like to add (if any), you can take some confident steps towards buying your income.

**Shop around**
When you come to buy a secure income, you should take the time to shop around. Just because you’ve saved with Royal London, doesn’t mean you buy a retirement income from us. Indeed, by doing a little homework you might just get more money in your pocket.

**Take some tax-free cash**
You can usually take up to 25% of your retirement savings as a tax-free lump sum.2 Any cash you take will leave you less money to buy your secure income.

**Decide how often you want your money**
When you’re buying a secure income, you can tell your provider how often you’d like to be paid. This could be anything from once a week to once a year.

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1 You can also buy a secure income that’ll pay you regularly for a fixed number of years. This is called a ‘fixed-term annuity’.

2 You may be able to take more than 25% if you’ve previously applied to HM Revenue & Customs to secure a greater allowance.
How will my income be taxed?
Your regular income will be treated as taxable. HMRC will calculate the tax you need to pay and tell your chosen pension provider how much to take off before anything is paid to you.

To find out more about how much tax you may need to pay, visit royallondon.com/taxinretirement.

What happens when I die?
Unless you've chosen to pass on some of your income to your loved ones or set a 'guarantee period', your retirement payments will stop when you die.

What else do I need to think about?
As with all retirement options, there are some potential hazards you’ll need to watch out for. We’ve set out some of the more common risks on page 12.

However, if you’re thinking of buying a secure income in particular, here are some other things to think about:

You can’t change your mind
Once you’ve bought a secure income, you can’t usually change your mind – even if your circumstances do.

Adding extra features will lower your income
If you want add any extra features, such as making sure your loved ones will get some of your income when you die, you should expect to be paid a smaller income.

Find out more
You’ll find lots of useful information about buying a secure income on our website.

Simply visit us at royallondon.com/secureincome

WEIGHING UP THIS OPTION

+ No matter what happens, you’ll enjoy a regular income for the rest of your life.
+ You can pass on some of your income to your loved ones when you die.
+ You can arrange for your income payments to increase each year.
+ You can usually take up to 25% of your total retirement savings as a tax-free lump sum.

− You can’t usually change your mind.
− Taking a tax-free lump sum will leave you less money to buy a secure income.
− Adding any extra features, such as yearly increases or taking care of your loved ones, will reduce your starting level of income.
You can keep your retirement savings invested, while you take the money you need whenever you need it.

**How does it work?**
You'll keep your retirement savings invested, but move them into a plan that lets you gradually take money out. This is also called 'income drawdown'.

You can set up regular income payments which you can stop and start at any time. You can also take more money when you need it and less when you don't.

**What are my options?**
With flexible access, you're in complete control. Enjoy a regular income or dip in and out whenever you like.

**Shop around**
If you're thinking of using flexible access, you should take the time to shop around. Just because you've saved with Royal London, doesn't mean you need to take your retirement income from us. Indeed, by doing a little homework you might just get more money in your pocket.

**Take some tax-free cash**
You can usually take up to 25% of your retirement savings as a tax-free lump sum.\(^1\) Any cash you take will leave you less money for your ongoing income.

**Keep your options open**
If you're ever worried about running out of money, you'll always have the option to buy a secure income with the retirement savings you have left in your plan (see page 4 for details).

**Take a taxable cash withdrawal**
If you ever need access to a cash lump sum, you can take it from your savings. Unlike your tax-free cash entitlement, this type of payment would be taxable.

**Continue saving towards your future**
You can keep putting money into your plan - and benefit from tax relief on your contributions. Of course, tax rules can always change - and how much tax relief you'll benefit from will depend on your individual circumstances.

When you access your retirement savings flexibly, it’s likely you’ll trigger something called the Money Purchase Annual Allowance (MPAA). This is essentially a limit on how much you’re allowed to continue saving towards your retirement into a pension before a tax-charge applies.

To find out more about the MPAA and how it works, visit royallondon.com/taxfreeallowances.

**How will my income be taxed?**
Your income payments will be treated as taxable. HMRC will calculate the tax you need to pay and tell your chosen pension provider how much to take off before anything is paid to you.

To find out more about how much tax you may need to pay, visit royallondon.com/taxinretirement.

**What happens when I die?**
If you have money left in your plan when you die, it can be passed on to your loved ones - usually free from inheritance tax.

- If you die before age 75, your retirement savings can normally be paid to your loved ones however they like, tax free.
- If you die aged 75 or older, your retirement savings can be paid to your loved ones however they like, subject to tax.

\(^1\) You may be able to take more than 25% if you've previously applied to HM Revenue & Customs to secure a greater allowance.
What else do I need to think about?
As with all retirement options, there are some potential hazards you’ll need to watch out for. We’ve set out some of the more common risks on page 12.

However, if you’re thinking of using flexible access in particular, here are some other things to think about:

You’re still exposed to investment risk
While your money stays invested, there are no guarantees it will grow. Indeed, if your investments perform poorly, you could get back less than you started with.

You could run out of money before you die
With flexible access, your income isn’t guaranteed to last forever. So if you take too much money, live longer than expected or if your investments don’t perform as well as you’d hoped, you could run out before you die.

You’ll need to actively review your plan
As with any flexible access arrangement, regular reviews are key. You’ll need to make sure the money you’re taking out is sustainable - and adjust things if there’s a risk your savings will run out too soon.

Saving into other pension plans could be restricted
When you access your retirement savings flexibly, you’ll face greater restrictions on how much you can save into a pension towards your retirement before a tax-charge applies.

See 'Continue saving towards your future' on the previous page for details.

WEIGHING UP THIS OPTION

+ You’re in control of your money - so you can take what you need, whenever you need it.
+ You can still save into your plan - and enjoy tax relief from the government.
+ As your money stays invested, it still has time to grow.
+ You can usually take up to 25% of your total retirement savings as a tax-free lump sum.
+ Any savings you have left in your plan can be passed to your loved ones when you die, usually free from inheritance tax.

- Your income isn’t guaranteed to last forever and, without some careful planning, you could run out of money before you die.
- While your savings stay in your plan, you’re still exposed to investment risk - this means you could get back less than you started with.
- You’ll need to actively manage your retirement savings and, if necessary, adjust the income you’re taking to make sure your money lasts for as long as you need it to.
- You’ll be restricted on how much you can still save towards your retirement before a tax-charge applies.
- Taking a tax-free lump sum will leave you less money to provide a regular income.

Find out more
You’ll find lots of useful information about using flexible access on our website.

Simply visit us at royallondon.com/flexibleaccess
You can take a cash payment from your retirement savings however you like - take a little or take the lot, it’s entirely up to you.

How does it work?
You can choose to take some or all of your retirement savings as a cash lump sum. The first 25% of any cash payment will usually be paid tax-free.1

What are my options?
If you choose to leave some of your savings behind, they’ll remain invested in your plan.

Keep your options open
If you’re ever worried about running out of money, you’ll always have the option to buy a secure income with the retirement savings you have left in your plan (see page 4 for details). How much income you can buy will of course be affected by the levels of cash you’ve taken out.

Continue saving towards your future
You can keep putting money into your plan - and benefit from tax relief on your contributions. Of course, tax rules can always change - and how much tax relief you’ll benefit from will depend on your individual circumstances.

When you access your retirement savings flexibly, it’s likely you’ll trigger something called the Money Purchase Annual Allowance (MPAA). This is essentially a limit on how much you’re allowed to continue saving towards your retirement into a pension before a tax-charge applies.

To find out more about the MPAA and how it works, visit royallondon.com/taxfreeallowances.

Cash in any ‘small pots’
If you have £10,000 or less saved in your plan, it would be classed by HM Revenue & Customs as a ‘small pot’.

You can usually cash in up to three pension plans as a small pot without triggering the MPAA.

How will my income be taxed?
The first 25% of each cash payment will be paid tax-free. You may need to pay income tax on the remaining 75%.

If we don’t have an up to date tax code for you, we may need to initially take off too much (or too little) tax from your cash payment. You’ll need to reclaim - or pay the difference - directly with HMRC.

To find out more about how much tax you may need to pay, visit royallondon.com/taxinretirement.

What happens when I die?
If you have money left in your plan when you die, it can be passed on to your loved ones - usually free from inheritance tax.

• If you die before age 75, your retirement savings can normally be paid to your loved ones however they like, tax free.
• If you die aged 75 or older, your retirement savings can be paid to your loved ones however they like, subject to tax.

1 You may be able to take more than 25% if you’ve previously applied to HM Revenue & Customs to secure a greater allowance.
ENJOY A CASH LUMP SUM

You’ll find lots of useful information about taking a cash payment on our website. Simply visit us at royallondon.com/cashpayment

What do I need to watch out for?

As with all retirement options, there are some potential hazards you’ll need to watch out for. We’ve set out some of the more common risks on page 12.

However, if you’re thinking of taking a cash payment in particular, here are some other things to think about:

You may need to pay considerably more in tax
Taking large sums of money from your retirement savings could push you into a higher rate tax-bracket. This means you’d need to hand more of your savings to the taxman.

You could run out of money before you die
With cash payments, your money isn’t guaranteed to last forever. So you’ll need to think really carefully about how long you need it to last.

You could still be exposed to investment risk
When you leave money in your plan, there are no guarantees it will grow. Indeed, if your investments perform poorly, you could get back less than you started with.

You can’t change your mind
Once you’ve fully cashed in your plan, you can’t usually change your mind – even if your circumstances do.

Saving into other pension plans could be restricted
When you access your retirement savings flexibly, you’ll face greater restrictions on how much you can save into a pension towards your retirement before a tax-charge applies.

See ‘Continue saving towards your future’ on the previous page for details.

WEIGHING UP THIS OPTION

+ You can take as much of your retirement savings as you like in one go.
+ The first 25% of any cash payment will be paid tax-free.
+ Any money you leave in your plan stays invested, so it still has time to grow.
+ Any savings you have left in your plan can be passed to your loved ones when you die, usually free from inheritance tax.

− Taking large sums of money out of your plan could push you into a higher-rate tax bracket, handing more of your savings to the taxman.
− Your money isn’t guaranteed to last forever and, without some careful planning, you could run out before you die.
− Any savings you leave in your plan will still be exposed to investment risk - this means you could get back less than you started with.
− You can’t usually change your mind.
− You may be restricted on how much you can contribute saving towards your retirement before a tax-charge applies.

Find out more

You’ll find lots of useful information about taking a cash payment on our website.

Simply visit us at royallondon.com/cashpayment
If you don't feel ready to access your retirement savings, that's absolutely fine.

**How does it work?**
Until you feel the time is right, you can leave all your retirement savings exactly where they are.

**What are my options?**
If you choose to leave some of your savings behind, they'll remain invested in your plan.

**Decide when you’re ready**
If you're aged 55, you can access your retirement savings whenever you feel ready to do so. You can buy a secure income, dip in with flexible access or take it all as a cash payment. You’ll find more detail on each of these options throughout this guide.

**Continue saving towards your future**
You can keep putting money into your plan - and benefit from tax relief on your contributions. Of course, tax rules can always change - and how much tax relief you’ll benefit from depends on your individual circumstances.

**Give your savings more time to grow**
As your money remains invested for longer, it'll have more time to grow.

**What happens when I die?**
The retirement savings you have left in your plan can be passed on to your loved ones, usually free from inheritance tax.

- If you die before age 75, your retirement savings can normally be paid to your loved ones however they like, tax free.
- If you die aged 75 or older, your retirement savings can be paid to your loved ones however they like, subject to tax.
What do I need to watch out for?
As with all retirement options, there are some potential hazards you’ll need to watch out for. We’ve set out some of the more common risks on page 12.

However, if you’re thinking of leaving your savings where they are, here are some other things to think about:

You’re still exposed to investment risk
While your money stays invested, there are no guarantees it will grow. Indeed, if your investments perform poorly, you could get back less than you started with.

Your options could become restricted
Depending on the type of plan you have, your retirement options may become limited when you reach a certain age. That means it’s important to review your plan details regularly to see if any restrictions apply.

Find out more
You’ll find lots of useful information about taking a secure income on our website.

Simply visit us at royallondon.com/leaveitfornow
Before you choose to access your retirement savings, there are some general risks you need to be mindful of.

In this section we explore what these are. You’ll find the specific risks that come with each retirement option in the appropriate sections of this guide.

**Pension scams**
Fraudsters, scammers, crooks. When you're able to access your retirement savings, there will be criminals who are eager to get their hands on your money.

So if you're planning to take cash out of your pension to give to someone or to invest somewhere else, you need to tread carefully. You could lose everything if things turn out to be fraudulent.

If you've been advised on what to do with your retirement savings, you should always check that person is registered with the Financial Conduct Authority. You can do this by visiting [register.fca.org.uk](http://register.fca.org.uk).

**Guaranteed annuity rate**
If your plan has a ‘guaranteed annuity rate’ it means, no matter what's happening in the market, you can expect a minimum level of income for the rest of your life.

This is a rare and potentially valuable feature which could entitle you to more money in your pocket.

It’s always worth checking whether this feature applies to you - just so you don't do something which would invalidate your guarantee. For example, transferring your savings out of your plan or putting things off until after your normal retirement age.

**Investing somewhere else**
If you're planning to re-invest the money you take from your pension, you should be clear on whether you'll be charged for doing so. You should look at any charges closely and see how they compare with what you'd be paying to keep your money where it is.

It's also a good idea to weigh up the potential returns you could get on your new investment against the risks you'd need to take to achieve them.

Remember, the value of investments can fall as well as rise - meaning you could get back less than you started with.

**State benefits**
The amount of income and/or tax-free cash you take from your retirement savings in any year could affect your entitlement to means-tested state benefits.

In other words, if your regular income or the money you have in the bank rises above a certain level, it could affect your eligibility to such things as housing benefits and council tax reductions.
Debt collection
If you’re in debt, either now or in the future, the individuals or companies you owe money to can make a claim for your retirement savings as soon as you start taking an income or a cash lump sum.

While the money remains in the protective environment of your plan, it can’t be touched by anyone else.

Inflation risk
You may notice that your shopping today costs a little more than it did a year ago - and probably a lot more than it did 10 years ago. That’s down to inflation.

When prices go up, it can eat away at the value of your retirement income - meaning your money won’t go as far tomorrow as it does today.

Taking cash out of your pension and putting it into a bank account is unlikely to protect you against rising costs. This is largely due to the low levels of growth you can expect from current low-interest bank accounts.

If you’re planning to use your retirement savings to buy a secure income (see page 4 for details), you can choose to add yearly increases which can help counterbalance the long-term effects of inflation.
You've got some big decisions ahead - and no doubt you'll have questions. The good news is, there's plenty of support available.

**Get some tailored advice**
We recommend talking about your retirement options with a professional financial adviser.

They'll be able to look at your individual circumstances and give you a personal recommendation on how to get the most from your retirement savings.

If you don’t already have a financial adviser, you can find one in your area by visiting [unbiased.co.uk/find-an-adviser](http://unbiased.co.uk/find-an-adviser).

Financial advisers may charge for the services they provide - though they should agree any fees with you up front.

**Access support from the government**
Pension Wise is a free and impartial guidance service offered by the government. You can talk to their pension specialists online, face to face or over the phone.

While they can help you understand your options, they can’t give you any personalised advice or recommendation on how to best access the money you’ve saved.

You can find out more about the services offered by Pension Wise by giving them a call on **0800 138 3944** or by visiting [pensionwise.gov.uk](http://pensionwise.gov.uk).

**Talk to Royal London**
We can tell you whatever you need to know about your plan. We can also help you understand the options you have - but we can’t give you any advice or recommendation on which solution would work best for you.

You can call us, Monday to Friday, on **0370 850 1991**. Our lines are open 8am to 5pm.

You’ll also find more useful information online, including videos to help you understand all your retirement options, at [royallondon.com/retirement](http://royallondon.com/retirement).
All literature about products that carry the Royal London brand is available in large print format on request to the Marketing Department at Royal London, 1 Thistle Street, Edinburgh EH2 1DG.

All of our printed products are produced on stock which is from FSC® certified forests.

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