

Answers to questions about **your** **pension policy**



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Tax and government legislation

We've based the information in this leaflet on tax rates and legislation at 6 April 2026. This may change in the future.





As the biggest life and pensions mutual in the UK, we understand pensions and what they mean to you.

Reading the answers to these questions can help you understand your pension. Getting to grips with how pensions work, the choices available to you and the decisions you need to make, can help you gain control of your financial future.

Definitions

With pensions changing, the media is full of terms that leave many of us scratching our heads. So it's worth pausing for a second to find out what they mean. The brief descriptions you'll find in the margins will help to shed some light on some commonly used terms – they're the ones you'll see in *italics*.

Payments

Money paid into your pension pot, by you, your employer and anyone else on your behalf.

Pension benefits

Pension benefits is the money you take from your pension pot. You can choose from a range of options of how to take this money.

Pension pot

Sometimes called a pension fund, this is the amount of money that you've saved for retirement in a pension scheme. You can have more than one pension pot with more than one provider and the money can be built up by payments from you, your employer and anyone else on your behalf.

General Questions

Q1 What is the purpose of my pension policy?

Your pension policy is a tax-efficient way of building up a *pension pot* to provide you with *pension benefits*.

Q2 What should I do if I wish to change my pension payments?

Your pension statement should prompt you to consider whether your pension savings are sufficient to meet your future needs.

Depending on the type of policy you have, you may be able to increase or reduce your *payments*. To find out if you can change your *payments* please call us on **0345 050 2020**. If you're thinking about making changes to your pension we recommend that you contact a regulated financial adviser. There are details of how to find a regulated financial adviser under the Help and advice section on page 9.

Q3 Is there a limit on the amount I can save into my pension?

There is no limit to the *payments* that can be made into your pension schemes each year. There is however, a limit to the *payments* made each year on which you are eligible for tax relief. The limit is the lower of:

- 100% of your relevant earnings
- the annual allowance.

Payments that exceed the annual allowance will not receive any tax relief. We explain this further below.

Annual Allowance

If *payments* to all your pension schemes exceed a limit known as the annual allowance, you will not receive any tax relief on the excess. The annual allowance for the 2026/27 tax year is £50,000.

Q4 Do I get tax relief on my pension payments?

To encourage people to save for their retirement, tax relief is given on your pension payments. This is done through your tax code.

To claim tax relief on your payments, you should give the Income Tax Division an estimate of your personal pension payments you intend to make in the year. The Income Tax Division will alter your tax code, which is applied to your gross pay.

Q5 How much State Pension will I get?

You can't access the state pension before your state pension age.

You can find out more about the Manx state pension and how to get a statement at: gov.im/categories/tax-vat-and-your-money

Annuity

An annuity provides you with a guaranteed income for the rest of your life. You buy an annuity with your pension pot.

Beneficiary

Someone who gets the death benefits from a pension or annuity when the policyholder dies.

Payments

Money paid into your pension pot, by you, your employer and anyone else on your behalf.

Pension benefits

Pension benefits is the money you take from your pension pot. You can choose from a range of options of how to take this money.

Pension date

You chose this date when you started your policy, usually the date you want to retire. You don't have to take your benefits on this date, you can normally take your benefits at any time from age 50, but before age 75.

Pension pot

Sometimes called a pension fund, this is the amount of money that you've saved for retirement in a pension scheme. You can have more than one pension pot with more than one provider and the money can be built up by payments from you, your employer and anyone else on your behalf.

Q6 Can I transfer my pension pot to another pension provider?

You can transfer your *pension pot* to another pension provider before you reach age 75.

Remember you must be at least 50 before you can take your *pension benefits* from your new pension provider, unless you're in ill-health.

Before you transfer your *pension pot* we recommend that you talk to a regulated financial adviser. There are details of how to find a regulated financial adviser under the Help and advice section on page 9.

Q7 Why doesn't my pension statement include a pension illustration?

Your pension statement won't include a pension illustration in the following circumstances.

- Your policy is a pension term assurance policy. Pension term assurance policies don't provide a pension income. Instead they pay a lump sum if you die before the expiry date, providing we receive all the *payments* that are due.
- Your policy has a *pension date* within the next year. Instead of providing you with an illustration at this time, we'll write to you about taking your *pension benefits* six months before your *pension date* and again six weeks before your *pension date*.
- Your policy needs an individually calculated illustration. We'll send you this in due course.

Q8 Why does my pension illustration differ from those I've received in previous years?

Your pension illustration will usually change from year to year to reflect:

- changes you've made to your policy, such as stopping making your *payments*,
- actual investment returns from the previous year compared to the investment return assumptions we made for that year,
- changes in the assumptions we've made, for example about the rate at which your *pension pot* will grow or the amount of *annuity* that you'll be able to buy with it, and
- the changed impact of inflation as you are a year closer to your *pension date*.

Q9 What happens to my pension when I die?

Any money you have left in your pension policy when you die can usually be passed on to your *beneficiary* free of tax.



Taking my pension benefits

Pensions may have changed since you last checked. You don't have to retire to take your *pension benefits*. You can take all or some of your *pension benefits* from age 50 even if you're still working, or you can delay taking your *pension benefits*. You may be able to take your *pension benefits* earlier than age 50 due to ill health. We show you what your options are in this section.

What choices will I have when I come to take my pension benefits?

You'll normally be able to take your *pension pot* from age 50, even if you're still working. Only in very rare circumstances, such as ill health, will you be able to take your *pension pot* before age 50.

In the five years leading up to when you may take your *pension benefits*, you should start to think about:

- the *pension benefits* that will suit your circumstances, and
- when you want to start taking them.

You can choose any of the following options:

- 30% of your *pension pot* can usually be taken as a tax-free lump sum. The rest is then used to buy a secure income for life known as a lifetime *annuity*. The *annuity* payments are taxable.

Annuity

An annuity provides you with a guaranteed income for the rest of your life. You buy an annuity with your pension pot.

Pension benefits

Pension benefits is the money you take from your pension pot. You can choose from a range of options of how to take this money.

Pension pot

Sometimes called a pension fund, this is the amount of money that you've saved for retirement in a pension scheme. You can have more than one pension pot with more than one provider and the money can be built up by payments from you, your employer and anyone else on your behalf.

- You can take all of your *pension pot* as a single lump sum, known as a trivial commutation lump sum, if you have reached the age of 55, and the value of your pension pot within the scheme does not exceed £142,857.
- Reaching age 50, or whatever age you agreed with your pension provider to take your *pension pot*, is not a deadline to make a decision. You can delay taking your *pension pot* until a time that's more suitable for you.

As your money remains invested for longer, it'll give it more chance to grow. But don't forget that the value of your *pension pot* could go down in value too. Your Royal London pension policy allows you to delay taking your *pension pot* until age 75.

Help and advice

If you feel you need advice, we recommend you talk to a regulated financial adviser.

If you don't have a financial adviser, you can find a list of advisers in the telephone directory or online.

You should check that they are licensed with the Isle of Man Financial Services Authority by visiting iomfsa.im/register-search

Advisers may charge for providing such advice and should confirm any cost to you beforehand.

If you have any questions about your policy, please call us on **0345 050 2020**.





If you have any questions about your pension statement or your policy, please call us on **0345 050 2020** between 8am and 6pm Monday to Friday, unless it's a bank holiday in England.

Or write to:

Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

**We're happy to provide your documents
in a different format, such as braille,
large print or audio, just ask
us when you get in touch.**

**Please call us on 0345 050 2020.
Lines open Monday to Friday 8am-6pm
(excluding bank holidays).**



Royal London
Royal London House, Alderley Park, Congleton Road,
Nether Alderley, Macclesfield SK10 4EL
royallondon.com

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