

ACCESSING YOUR PERSONAL RETIREMENT PLAN.

We've put together some information to help you understand the options available to you and things you need to consider. You should think about your options carefully before you decide what to do as your Personal Retirement Plan (PRP) has some valuable guarantees.

From age 60 you have the following options. You can:

- Leave your PRP invested.
- Take the guaranteed benefits as a pension income, payable for life, and a tax-free cash lump sum.
- Take all the benefits as cash under the rules of a trivial commutation cash lump sum or a small pension pot.

You can also transfer the value of your plan to another product or provider at any time. Please read the **Transferring the value of your plan** section for more details.



Please read all the items in this pack carefully and keep them for future reference.

THINGS TO CONSIDER - SHOPPING AROUND, ADVICE AND SCAMS

Before you decide what you want to do with your PRP, we strongly recommend you get guidance or financial advice so you're fully aware of all the options available to you and any associated risks.

Your PRP is a With Profits Retirement Annuity Contract which offers you valuable guarantees. It's treated as a defined benefit pension scheme and therefore the pension freedoms (please see the [Pension Freedoms](#) section on page 3), introduced in April 2015, do not apply.

REMEMBER TO SHOP AROUND

It's always worth checking what's available in the wider market as you may get a better deal elsewhere, or find that we're offering the best deal. Unless you shop around you won't know.

FURTHER INFORMATION AND ADVICE

There are several organisations listed below that can provide free and impartial guidance on pensions.



MONEY ADVICE SERVICE

The **Money Advice Service** can provide you with detailed information about the pension freedoms and options in their guide: **Your pension: it's time to choose**, which is included in this pack and can also be found on their website: moneyadvice.service.org.uk

PENSION WISE

Pension Wise provides free and impartial guidance to those with defined contribution pension schemes and the options available to them under the pension freedoms. These will differ from the options available to you from your PRP. You can call them on 0800 138 3944 or visit their website: pensionwise.gov.uk

THE PENSIONS ADVISORY SERVICE (TPAS)

TPAS can provide independent and impartial information and guidance about pensions. You can call them on 0300 123 1047 or visit their website: pensionsadvisoryservice.org.uk

GET FINANCIAL ADVICE

We strongly recommend you speak to a financial adviser before you make any decisions. If you wish to transfer out, please see the [Transferring the value of your plan](#) section on page 4 as you may be required to get advice under pensions law. If you don't have a financial adviser, you can find one at: unbiased.co.uk



For further information on with profits, please visit:

legalandgeneral.com/existing-customers/with-profits-support

i HOW TO SPOT PENSION SCAMS

Beware of firms claiming to be approved government advisers or trying to persuade you to take money out of your pension. In particular, beware of people contacting you unexpectedly about your pension.

The Money Advice Service guide explains this in more detail and how to spot a possible scam. We strongly recommend you read this. The Pension Wise service will never contact you unexpectedly to offer a pension review - and it only has one website: **pensionwise.gov.uk**.

For further information on pension scams visit:

thepensionsregulator.gov.uk/pension-scams or **fca.org.uk/scamsmart**

You can also contact **The Pensions Advisory Service (TPAS)**. Their details can be found on the previous page.

HOW YOUR PERSONAL RETIREMENT PLAN WORKS

Each contribution you pay into your plan buys an amount of guaranteed yearly pension income and a tax-free cash lump sum equal to three times that amount, payable from your 70th birthday (the maturity date). As your PRP is a with profits plan, these amounts may increase due to the addition of annual bonuses, which are guaranteed from your maturity date.

We may also pay you an interim bonus and a final bonus when you take your PRP benefits, which would increase your yearly pension income and tax-free cash lump sum. Interim and final bonus rates can change so this part of your benefits is not guaranteed.

You can access your PRP from any age between 60 and 70 and we will do a recalculation at that time to reflect the fact you're taking your benefits earlier than originally intended. If you don't access your PRP by your 70th birthday, we'll recalculate your benefits assuming the maturity date is your 75th birthday.

You may be able to access your PRP before age 60 on the grounds of ill health. If you think this could apply to you, please contact us.

You can also choose to transfer the value of your PRP to another plan at any time. Please see the **Transferring the value of your plan** section on page 4.

PENSION FREEDOMS

The Government introduced 'pension freedoms' in April 2015 allowing greater flexibility on how defined contribution pension schemes (sometimes referred to as money purchase schemes) can be accessed from age 55. The enclosed **Money Advice Service** guide provides more information about this.

Your PRP is a defined benefit pension scheme so the retirement options available aren't the same.

If you want the flexibility these options offer, you will need to transfer the value of your plan into a suitable product.

TRANSFERRING THE VALUE OF YOUR PLAN

You can transfer the value of your PRP (we also refer to this as 'total policy proceeds') to another product or provider at any time. For example, if you want to take your benefits earlier than age 60 or if you want greater flexibility on how you access them.

You should remember that your PRP offers valuable guarantees which are available from your 60th birthday. If you transfer to another plan, you may not be able to buy the same level of yearly pension income that your PRP could provide.

In addition, your plan may have waiver of premium benefit attached to it. This benefit will end if you transfer. To find out if this applies to you, please look at your plan documents.

If you're not sure what to do, we recommend you talk to an adviser. Under some circumstances you are required by pensions law to get advice before you can transfer. The accompanying letter will confirm whether this applies to you.

THINGS TO THINK ABOUT BEFORE ACCESSING YOUR PERSONAL RETIREMENT PLAN

We've identified some important points you should consider when accessing your PRP. These may impact you no matter which option(s) you choose:

Tax implications

You should consider carefully how much tax you will pay as a result of your choice. The amount you pay depends on your personal circumstances and how you access your pension benefits.

Providing for any dependants

If you die before you access your PRP benefits, we will pay the greater of:

- your transfer value (total policy proceeds)
- or, the basis you selected when you started your plan, which is either:
- the return of premiums paid, or
 - the return of premiums paid including interest of 5% a year (known as Return With Interest).

In most cases, your transfer value will be higher. If you transfer to another pension plan, your death benefits may be less than your PRP could provide.

Benefits will usually pass to your beneficiaries free of inheritance tax but there are certain circumstances where inheritance tax may be payable.

THINGS TO THINK ABOUT BEFORE ACCESSING YOUR PERSONAL RETIREMENT PLAN continued

State benefits

Cash or income taken from your plan may impact your pension credit and State benefits now, or in the future. To find out more visit: [gov.uk](https://www.gov.uk)

Sustainability of income

If you don't have any other source of income or savings, once your PRP benefits are gone you may only have what the State will provide to live off. This may not be enough to fund the kind of lifestyle you want in the future.

Lifetime Allowance

There are no restrictions on the value of the total benefits payable from all your registered pension schemes. However, anything over a certain level, called the Lifetime Allowance, will be subject to a tax charge of up to 55% on the excess.

For most people their Lifetime Allowance will be the standard Lifetime Allowance. The standard Lifetime Allowance for the tax year 2019/2020 is £1.055 million. Certain circumstances may mean you have a different personal Lifetime Allowance - for example, if you've registered with HM Revenue & Customs for protection.

As your PRP is a defined benefit scheme, the amount of Lifetime Allowance used when you take your benefits will be calculated using the yearly pension income amount multiplied by 20, plus any tax-free cash lump sum. When you take your benefits we'll confirm the percentage of Lifetime Allowance used.

The law and tax rates may change in the future. The amount of tax you pay depends on individual circumstances and may be subject to change.

OPTIONS - ACCESSING YOUR PERSONAL RETIREMENT PLAN

LEAVE YOUR PRP INVESTED

There is no need to access your PRP unless you wish to do so. Your plan will remain invested until you decide to take action.

If you don't access your PRP by your 70th birthday, we'll recalculate your benefits assuming the maturity date is your 75th birthday.

Your plan ends at age 75 when you will need to take all your PRP benefits or transfer to another pension plan.

This section explains the main risks associated with leaving your PRP invested:

- When you take your PRP benefits we may pay an interim bonus and a final bonus. Interim and final bonus rates are not guaranteed so the value of your benefits can go down as well as up.
- The options available to you in the future may be different.

TAKE THE GUARANTEED BENEFITS AS A PENSION INCOME, PAYABLE FOR LIFE, AND A TAX-FREE CASH LUMP SUM

You can only take this option if you are aged 60 or over.

You can take your PRP benefits in the form of a guaranteed yearly pension income and a tax-free cash lump sum equal to three times that amount. The pension income you receive will be taxed in the same way as earned income.

You can choose different payment options to suit your personal circumstances which are described in the enclosed **Your Pension Annuity Options** brochure. You can request as many illustrations as you need to help you see what affect they have on the level of your income.

This section explains the main risks associated with taking your guaranteed PRP benefits:

Once your guaranteed yearly pension income is in payment, you cannot change your mind. This is important as:

- Your personal circumstances might change after you've made your decision.
- Other pension products or providers may offer a wider range of options. For example, enhanced annuities may pay an increased level of income if you have certain lifestyle health risks or medical conditions. It's important you shop around to ensure the retirement option you choose is best suited to your needs.

OPTIONS - ACCESSING YOUR PERSONAL RETIREMENT PLAN continued**TAKE ALL THE BENEFITS AS CASH UNDER THE RULES OF A TRIVIAL COMMUTATION CASH LUMP SUM OR A SMALL PENSION POT**

You can only take this option if you are aged 60 or over and it is not available to everyone as certain rules apply.

You may be able to take all your PRP benefits as a 'trivial commutation cash lump sum' payment.

You can normally do this if the total value of all your pension rights across all registered pension schemes (this means all the pension pots you have and the value of any pension income you're currently receiving) is not higher than £30,000.

If you hold other pension plans, or are taking pension benefits elsewhere, your pension provider can confirm the trivial commutation value to you. This normally also includes any tax-free cash lump sums you have already taken.

If you decide to do this and you want to take a further defined benefit pension as a trivial commutation cash lump sum, then you must do so within a 12 month period. If you have had a trivial commutation payment in the past (from us or another provider) and want to take another, it must be made within 12 months of the first one."

Alternatively, if your PRP is valued at £10,000 or less for this purpose, you may be able to take all of it as a small pension pot lump sum.

Because your PRP is a defined benefit scheme, the valuation for deciding if you can take your benefits as cash in either of these ways is calculated by multiplying the yearly pension income by 20 and adding on the tax-free cash entitlement.

The amount available to you when you access your PRP will be the transfer value at that date.

The first 25% of a trivial commutation cash lump sum or a small pot will be tax free and the remaining 75% will be taxed in the same way as earned income.

Taking your benefits in either of these ways will not trigger a lifetime allowance test.

This section explains the main risks associated with taking your PRP benefits as a cash lump sum:

- Once you've taken your benefits as a cash lump sum, you can't change your mind.
- By taking your benefits as a cash lump sum you are giving up the guaranteed income for life that your PRP was designed to provide. If you don't have any other source of income or savings, once this money is gone you may only have what the State will provide to live off. This may not be enough to fund the kind of lifestyle you want in the future.
- Receiving a cash lump sum could affect any means-tested State benefits you are currently entitled to.



CONTACT US.

Call us on 0345 0260 003

Open Monday to Friday, 9am to 5pm. Call charges will vary. We may record and monitor calls.

Or you can email: prp.team@landg.com

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.



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