



Your options

Helping you decide what you'd like to do with the money in your plan



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What you need to consider

Guidance and advice

Before you decide what to do with the money in your plan, we strongly recommend you seek guidance and financial advice. This is an important decision and you must consider all of your options carefully.

Pension Wise from MoneyHelper

Pension Wise is a free and impartial government service from MoneyHelper that offers:

- Tailored guidance (online, by phone or face to face) to explain your options and help you think about how to make the best of your pension savings.
- Information about the tax implications of different options.
- Tips on getting the best deal, including how to shop around.

Visit moneyhelper.org.uk/pensionwise for more details. If you'd prefer to speak to someone over the phone or book a face-to-face appointment you can call **0800 138 3944**.

Financial advice

A financial adviser can help you understand your options and decide what's best for you. If you don't have a financial adviser, you can find one in your area by visiting unbiased.co.uk and entering your details. An adviser may charge for their services.

Shopping around

It's important to shop around when you consider your options. If you choose to use the money in your plan to buy a new product, this could be from us or from another provider. Other providers may have more appropriate products or be able to offer you a better deal.

See the MoneyHelper guide 'Your pension: your choices' enclosed in this pack for more information on shopping around.

Tax implications

The amount of tax you pay will depend on the options you choose, so consider this carefully.

Providing for dependants

You should also consider how your money will be treated on your death and whether there is enough money left to provide for your dependants. With some options your money may be included in your estate for inheritance tax purposes.

State benefits

Using the money in your plan for an income or cash may affect any state benefits that you receive.

You should check first by contacting the Pension Service: gov.uk/contact-pension-service, your tax office or Pension Wise.

Sustainability of income

If you don't have any other source of income or savings, you may only have the money in your plan and what the State provides you to live off. This may not be enough to fund the kind of lifestyle you want in the future.

Your options

All options are available with L&G. You should shop around as other providers may have more appropriate products or be able to offer a better deal.

To explore your options in more detail please visit legalandgeneral.com/maturity-options

Option 1

A new fixed term plan

You can use the money in your plan to buy another fixed term plan.

A fixed term plan can provide you with an income for a specific period. For example it could bridge the gap to another source of retirement income that you plan to take later.

There are two types of fixed term plans available to you:

- One can pay you a regular income over a fixed term of your choice, with a maturity value payable at the end.
- The other pays you a regular income over a fixed term but there is no maturity value at the end.

What you need to know:

- You can't change your mind or the options you've selected after the cancellation period.
- Any income you receive will be taxed as earned income.
- You could get a higher income in a product that assesses your health.
- You may be required to invest a minimum amount.

Option 2

A guaranteed income for life (a lifetime annuity)

You can use the money in your plan to buy a guaranteed income for the rest of your life. This is known as a 'lifetime annuity'.

If you have certain lifestyle health risks, or have been diagnosed with a more serious medical condition(s) you could be eligible for a higher income.

What you need to know:

- You can't change your mind or the payment options you've selected once the cancellation period has expired.
- The income you receive will be taxed as earned income.
- You won't be able to withdraw cash amounts or surrender your annuity as and when you choose.
- The cost of buying an annuity can go up and down, which will affect the amount of guaranteed income you can get at the time you buy.
- Depending on how long you live, you may receive less than you paid for your annuity.

Option 3

A flexible income (Flexi-Access Drawdown)

You can transfer the money in your plan to a Flexi-Access Drawdown product. With this option you can choose the amount of income you take and also how often it's paid.

What you need to know:

- Your money will be invested which means the value can go up as well as down.
- Products may have minimum investment amounts.
- There is no guarantee that your drawdown pot can provide you with the level of income you choose for the rest of your life and your money might run out.
- The income you receive will be taxed as earned income.

Option 4

Take cash

Withdraw the money in your plan as a cash lump sum.

We'll pay cash, after the deduction of any income tax, into the account which we've already been paying any plan income into. If your plan does not pay an income, we will contact you to confirm your account details for the payment.

What you need to know:

- If you decide to take the money in your plan as cash, it will be subject to income tax.
- Once you've taken the money in your plan as cash you can't change your mind.
- If you don't have any other source of income or savings, 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.

Your questions answered

What do I need to do now?

If your plan is approaching its maturity date you need to decide what to do with your maturity value. You can't leave any money in your plan.

We can send you a quote for a new fixed term plan or lifetime annuity once you're within three months of your maturity date. Any new plan will start on your current maturity date or when your completed application form is received – whichever is later.

Once you have decided what you would like to do, please call us. The phone number is on page 8.

Can I take tax-free cash?

There is no tax-free cash available from your plan.

Can I choose more than one option?

Yes, you can choose to take cash plus **one** of the other options. You can't combine options 1, 2 or 3 with each other. As the money in your plan is treated as a single amount, we'll need you to confirm all choices at the same time.

What happens if I don't tell you what to do?

If your plan reaches its maturity date your plan will end. No further income payments will be made and we'll hold any maturity value until you tell us what you want to do. We won't pay any interest on the maturity value.

If you've requested to take money from your plan before its maturity date, we won't do anything until you contact us to confirm your instruction.

I've moved overseas. What options do I have now?

If you live overseas, there are certain restrictions on the options and products available to you. Please contact us for more information on **+44 345 7660 813**.

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

Will my annual allowance be affected?

Your annual allowance is the limit on how much money you can build up in your pension in any one tax year while still benefiting from tax relief.

For most people, the standard annual allowance for the current tax year is £60,000. If you've been receiving payments from your plan then this will have reduced the limit to £10,000 a tax year from that point onwards. This is known as the Money Purchase Annual Allowance (MPAA).

If you haven't been receiving payments from your plan but have flexibly accessed any other pension benefits you will already have triggered the MPAA. Your pension provider will have notified you of this.

For more information visit: [gov.uk/tax-on-your-private-pension/annual-allowance](https://www.gov.uk/tax-on-your-private-pension/annual-allowance)

How will I be paid if I take cash?

We'll pay any cash into the account which we've already been paying any plan income into. If your plan doesn't pay an income, we'll contact you to confirm your account details for the payment.

How much tax will I pay if I take cash?

The money you take will be taxed in the same way as earned income and will depend on your individual circumstances.

The amount of tax you pay will be determined by your tax code and will take into account any other income you receive, including the State pension.

For more information on income tax and personal allowances please see: gov.uk/income-tax-rates

Income tax example

For illustrative purposes only. Figures are based on 2026/2027 rates of income tax (please see gov.uk/income-tax-rates).

A customer decides to take cash from their plan of £60,000. They have no other benefits or income.

Cash value		= £60,000
Income tax due	£12,570 (Personal allowance) × 0%	= £0
	£37,700 (£12,571 to £50,270) × 20% (basic rate)	= £7,540
	£9,730 (£50,271 to £60,000) × 40% (higher rate)	= £3,892
	Total tax = £7,540 + £3,892	= £11,432
Cash payment (cash value less tax)	£60,000 – £11,432	= £48,568



There is general guidance on the taxation of pensions on HMRC's website: gov.uk/tax-on-pension

If you're a Scottish taxpayer, the thresholds and rates of income tax will differ. More information is available at: gov.uk/scottish-income-tax

These details are based on our understanding of tax law and HM Revenue & Customs' practice. The law and tax rates may change in future. The amount of tax you pay depends on individual circumstances and may be subject to change.

Get in touch

You can call us on

0345 766 0813

Open Monday to Friday, 9am to 5pm.

We may record and monitor calls. All of our call centres are based in the UK.

To explore your options in more detail, please visit:

legalandgeneral.com/maturity-options

Additional support and alternative formats

Please contact us if you have any special circumstances you'd like to tell us about. We may be able to provide some extra support.

You can also request this document in Braille, large print or audio.

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