

Need more help?

If you are concerned about not having enough money to live on in retirement or ending up with a hefty tax bill, we recommend you contact Pension Wise or a financial adviser who specialises in retirement planning before you do anything.



Pension Wise – a free and impartial government service:
www.pensionwise.gov.uk

Financial advice – find a professional financial adviser in your area:
www.unbiased.co.uk

You can find out more in the **Your retirement** section on our websites, too:

The People's Pension: www.thepeoplespension.co.uk/your-retirement
EasyBuild: www.bandce.co.uk/your-retirement

Or you can phone us on **0300 2000 555**.



Is your personal information up to date?

Make sure we have your correct email address and phone number, so we can update you about your pension and you can log on to access your savings at:
<https://bandce.co.uk/onlineaccount>

B&CE Financial Services Limited

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Registered in England and Wales No. 2207140. To help us improve our service, we may record your call. B&CE Financial Services Limited is authorised and regulated by the Financial Conduct Authority. Ref: 122787. It is the administrator for the B&CE EasyBuild Stakeholder Pension which is a personal pension scheme. The company is also a distributor of, and an administrator for, The People's Pension Scheme and the Employee Life Cover from B&CE which are occupational pension schemes to which different law and regulation applies. Further details can be found on our website www.bandce.co.uk/legal

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Taking all or part of your pension savings

Flexible lump sums: 'uncrystallised funds pension lump sums' (UFPLS)

Please make sure you take the time to read the enclosed booklet **'Your options at retirement'** – it sets out the full range of options from April 2015 and the options offered by B&CE.

An extra option coming soon...

If you have over £10,000 in your pot, you may be able to take flexible lump sums from your pension savings with us. HM Revenue & Customs (HMRC) calls these 'uncrystallised funds pension lump sums' or 'UFPLS'. This leaflet tells you more about them.

How you can take flexible lump sums with B&CE

- From age 55 you may be able to take flexible lump sums from The People's Pension or EasyBuild Stakeholder Pension.
- You can take all your pension pot as a flexible lump sum in one go or take smaller sums in stages (and it may be more tax efficient to do so in stages – more on this below).
- Flexible lump sums are only available to you if your pension savings in your pot are worth more than £10,000 at the valuation date on which we process your claim. (If you have less than £10,000 you may be able to take a small pot lump sum – see the **Your options at retirement** booklet.)
- If taking smaller sums in stages, the minimum flexible lump sum you can take from a pot is £2,000 and you can only take it if there would then be over £10,000 remaining in your pot at the valuation date on which we process your claim.
- You are able to take one flexible lump sum per tax month (for example from 6 May to 5 June).

A couple of things to note...

HMRC imposes restrictions on the payment of flexible lump sums, so it may not be possible for us to pay these to you in all cases. In particular, HMRC requires that you must have lifetime allowance available. See the **Your options at retirement** booklet for more about the lifetime allowance.

At the moment we don't charge you to access your savings in this way, but this may change in the future.

Other pension schemes

If you have savings in The TUTMAN B&CE Contracted Out Pension Scheme or the LSRB Additional Voluntary Contributions (AVCs) or EasyBuild S2P, you can transfer your pot(s) into an existing account in The People's Pension or an existing or new EasyBuild Stakeholder Pension policy so that you can take advantage of flexible lump sums.

How your flexible lump sums are taxed

The first 25% of each flexible lump sum you take is tax-free and the remaining 75% of each amount is taxable, as if it was income, at the highest rate you pay.

You receive tax relief on your pension savings up to the annual allowance (more on this below), but you'll pay tax on your pension income. Note that you get a personal allowance (£10,600 in 2015-2016 tax year) of tax-free income each year.

The flexible lump sum you receive from B&CE is likely to be quite a lot lower than the amount you take out of your pension savings. This is because:

- only 25% of each flexible lump sum is tax-free – you pay tax on the rest
- if HMRC has not supplied us with your tax code for the current tax year, your flexible lump sum will be taxed using a temporary (emergency) rate. In most cases this will mean that too much tax will be deducted and you'll have to reclaim the overpayment from HMRC.

Example

Say you take £30,000 as a flexible lump sum but you're on an emergency rate of tax.

£22,500 is taxable, meaning you pay £8,572 in tax.

So you'd get **£21,428**.

The impact on your tax bill...

You need to be aware that taking a flexible lump sum could take you into a higher tax band and land you with a large tax bill if:

- you take all your pension savings as a single flexible lump sum

or

- you have other income as well as the amount you take from flexible lump sums.

It may be more tax efficient to take a series of flexible lump sums across different tax years – see the 'Need more help?' section for where to go for guidance.



Consider your personal tax circumstances and be clear about how much tax you'll pay on any money you're planning to take as a flexible lump sum

The impact on your future pension savings...

There is a limit to the amount of money you can save into your pension across all of the schemes you belong to and receive tax relief on. This is known as your annual allowance.

The standard annual allowance is £40,000 (2015-2016 tax year).

If you take a flexible lump sum, your annual allowance for any future savings into a defined contribution pension (like The People's Pension or EasyBuild) will be reduced to £10,000 (2015-2016 tax year) in the current and any future tax year. This is called the 'money purchase annual allowance'.

Payments over this amount will incur an annual allowance charge. This may affect how you build your pension pot back up if you continue saving into your pension.

You'll find more details in the **Your options at retirement** booklet.