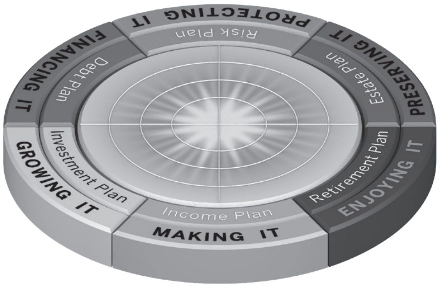

"You make pensions understandable, best meeting on the subject I've ever had"

Mike, client

Your retirement options

How you can take your pension benefits

The aim for most, is to reach retirement in good financial shape. When you reach retirement, a whole new layer of challenges emerges when the strategy changes from accumulating capital to delivering income efficiently. We try to anticipate your spending patterns, which for most, will reduce as they move into their later years. There are many options to consider. We are independent Financial Advisers; we can assist you with these potentially confusing choices and help you with these important decisions.

Tax Free Lump Sum: From the age of 55 you can normally take up to 25% of your pension fund value as a tax-free cash lump sum. You will need to consider how best to use this: pay off debts such as your mortgage, invest to provide tax-efficient income or you could take the tax-free lump sum in instalments, as part of a drawdown pension, to reduce any income tax payable on your income.

Lump Sum: It is possible to take all or part of your pension savings as a lump sum. Normally 25% of the payment will be tax free and the remainder will be subject to income tax in the year it is paid.

Lifetime Annuity: Buying an annuity means exchanging all or part of your pension fund for a guaranteed regular taxable income, which will be paid for the rest of your life by the annuity provider of your choice. No-one is obliged to buy an annuity but if you do decide to buy one, it is an irrevocable decision. There are options to consider:

- Single Life Annuities (SLA) or Joint Life Annuities: (JLA); A JLA pays out a lower income than a SLA over your lifetime but will continue to pay out on your death unlike a SLA.
- Level or escalating annuities: you can choose whether you want your income to stay at the same level or to increase each year (known as 'escalating'). A level annuity will initially give you more money but due to inflation it will buy you less in the future. For an escalating annuity, there are two main choices; an annuity that escalates by a fixed rate each year (e.g.3%) or one that increases each year in line with inflation.

Flexi-access Drawdown: Allows you to take taxable income from your pension fund while leaving it invested in a favourable tax environment. A drawdown allows you to retain control of your pension fund and to choose whether to take income or not. If you die the rest of your pension fund can be used to provide pension benefits to your dependants or be paid out as a lump sum. You need to consider there are no guarantees of future income and your funds remain invested, so their value may go down as well as up, affecting how much you can withdraw and how sustainable your income might be.

Phased retirement: Ease back from work gradually and start to replace your earnings with pension income.

Defer taking pension benefits to a later date: Pension funds can remain invested and you can continue to contribute with tax relief up to the age of 75 but you do not have to take the benefits by a certain age.

01494 817151
info@fmifa.com | www.fmifa.com
Penn Barn, By the Pond,
Elm Road, Penn, Bucks HP10 8LB

fm's cash flow planning tool can take in your data and deliver a snapshot of the future and help you shape your retirement to make the very most of your assets.