



# Retirement options guide

This guide contains important information about how you can take your pension savings.

April 2022

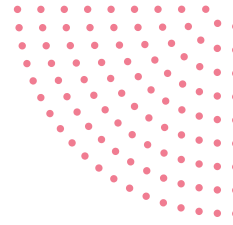




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# Welcome to your retirement options guide

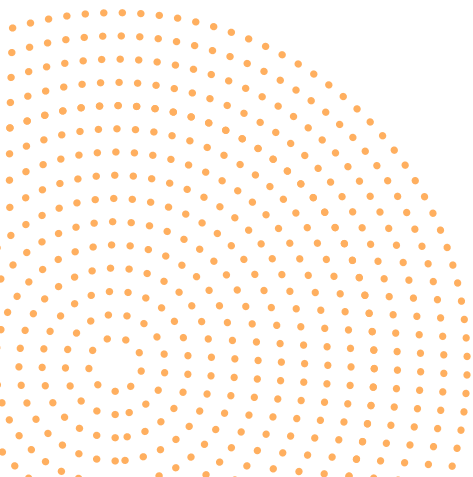
We created this guide to show your options at retirement.

While we can help explain your options, we can't give you advice about how you should take your savings. If you'd like advice on your options at retirement, you can find a local financial adviser at

[www.moneyhelper.org.uk/](http://www.moneyhelper.org.uk/).

There is also further help available. Pension Wise is a free government service that offers impartial guidance to people over the age of 50 on how to take their pension savings. You can find out more and book an appointment by calling Pension Wise on 0800 138 3944 or visiting

[www.pensionwise.gov.uk/en/appointments](http://www.pensionwise.gov.uk/en/appointments).



## Helping you to make informed decisions when you come to retire

Planning for retirement can be difficult and there are a lot of things you need to consider before accessing your pension savings.

We try to make this process a little easier for you by reminding you what your options are and what you can do. We first get in touch with you when you reach the age of 50, then six months, four months and two months before your selected retirement age.



We will also send you nudges before and after your selected retirement age. We do this to remind you to consider your retirement options and make a decision that is right for you.

# What are your options when you retire?

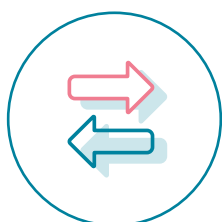
Here are the five main options you have at retirement. Please note, retirement options can vary for some individuals due to previous benefit rights that may have received some form of protection before they were transferred to the scheme. A separate guide will be provided to those members where this applies.



**1. You can keep your pension savings invested**



**2. You can take your pension savings all in one go or as a series of lump sums**



**3. You can get a flexible income**



**4. You can buy a guaranteed income (also known as an annuity)**



**5. You can mix different options**

You should be aware that different pension providers offer different retirement options. The features, charges and payment rates will also differ between different providers.

You should also note that the tax you will need to pay could change depending on the option you choose.



# Before you make a decision

It is a good idea to get independent help before you make a decision.

There are services that can offer you impartial guidance, including:

- Pension Wise is a free and impartial government service that can offer you guidance about your pension options. Find out more about Pension Wise by visiting their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or calling them on 0800 138 3944.
- The Pensions Advisory Service offer free and impartial guidance and help with resolving any pension complaints. You can visit their website at [www.pensionsadvisoryservice.org.uk](https://www.pensionsadvisoryservice.org.uk) or call them on 0300 123 1047.
- The MoneyHelper Service offer free and impartial guidance on all money matters. You can learn more by visiting their website at [www.moneyhelper.org.uk/](https://www.moneyhelper.org.uk/) or by calling them on 0800 011 3797.
- Or you can take independent financial advice by visiting [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser). You will need to pay for an financial adviser.

## You can shop around

Your pension provides you with your income in retirement so, as with any other important purchase, it's important to shop around to find the right option for you.

Smart Pension, or your other pension providers, may not offer the option you want. You may even find that other providers might offer you a better deal. It's worth comparing what each provider can offer.

Pension Wise have advice about shopping around that you can find here: [www.pensionwise.gov.uk/shop-around](https://www.pensionwise.gov.uk/shop-around).

# Your retirement options

## 1. Keep your savings invested for longer

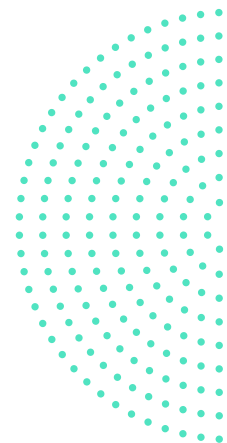
You might decide that you aren't ready to take your pension savings yet and would like to keep them invested.

Keeping your pension savings invested will give your money a chance to grow, but you should be aware that the value of your pension could go down as well as up.

If you would like to keep your savings invested, you should make sure you keep your retirement age updated in your Smart Pension account. You can change your retirement age by signing in at [www.smartpension.co.uk/sign-in](https://www.smartpension.co.uk/sign-in), selecting **Funds** and clicking **Change retirement age**.

You should be aware that changing your retirement age might change the way your pension savings are invested. If your savings are invested in one of our investment strategies, your money will be moved into lower risk funds as you approach your retirement age.

Therefore, if you decide to delay taking your pension savings by pushing your retirement age back, you could find that your savings move from lower risk funds into funds designed to grow your money. This could mean that the value of your savings go up and down more over time. Similarly, if you decide to take your pension savings earlier and bring your retirement age forward, you could find that your savings move into lower risk funds and may not grow as much.



### Is this the right option for you?

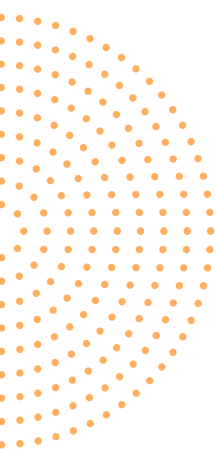
You'll need to think about whether you have enough money to last you in your retirement

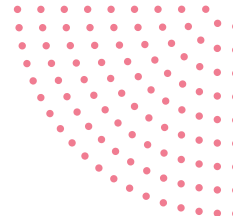
You may need to think about whether you have enough lifetime allowance remaining to keep your savings invested. The lifetime allowance is currently £1,073,100 for the tax year 2022/23. If you exceed this, you will face an additional tax charge.

You can find further information about how your pension savings are invested in your investment guide. You can find your investment guide by signing in to your **Smart Pension account**, selecting **Funds** and **Investment help**.

You can get free, impartial guidance at Pension Wise. Visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or book a free appointment on 0800 138 3944.

You can also seek financial advice. You can find an independent, local financial adviser at [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).





## 2. Take your pension savings all in one go or as a series of lump sums

### Take your savings in one go

You can take your pension savings as a single lump sum. You can usually take a quarter of your savings tax-free and the rest will be taxed.

You should be aware that you could pay a higher amount of tax if you choose this option, as the lump sum will get added to your earnings in the year for tax purposes. This may also affect your entitlement to any state benefits you currently receive.

There are two methods of taking your money using this option. They are:

1. If the value of your pension savings is £10,000 or below you can choose to take your money as a small pot commutation. **25% is tax free and the remaining amount is taxed at your marginal rate of income tax.**
2. If the value of your pension savings is over £10,000 then you could choose to take your money as an uncrystallised funds pension lump sum. **25% is tax free and the remaining amount is taxed at your marginal rate of income tax.**

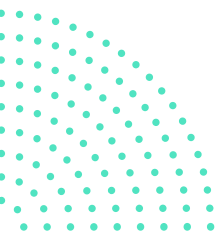
HMRC do not issue member tax codes to Smart Pension while members are actively saving into their account so the emergency rate basis is applied to all lump sum withdrawals above £10,000. This often results in members paying the incorrect amount of tax when taking their pension savings so they need to contact HMRC and submit a refund request for the overpaid tax.

If we have to apply the emergency tax code to your lump sum payment, you will need to talk to HMRC directly to confirm the correct amount of income tax payable.

We offer this retirement option.

### Or as a series of lump sums

We currently only offer a single lump sum under the uncrystallised pension lump sum option. We are working on offering this option as a series of lump sums, but this is currently not available in the pension scheme.







## Is this the right option for you?

- Remember, your pension savings are meant to provide you with a retirement income. You'll need to be sure you have enough money to live the lifestyle you want in retirement.
- Taking your savings in one go could leave you with a large tax bill and affect any means-tested state benefits you are entitled to.
- If you withdraw pension savings worth over £10,000, the amount you can save into a pension in future will be reduced. This is known as the money purchase annual allowance (MPAA).
- You can get free, impartial guidance at Pension Wise. Visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or book a free appointment on 0800 138 3944.
- You can also seek financial advice. You can find an independent, local financial adviser at [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).
- Some payments may be subject to emergency tax. You may have to contact HMRC and submit a refund request for the overpaid tax.
- Taking a lump sum from your pension savings will count towards your earnings in the year for tax purposes, meaning you will pay more tax. It may also affect your entitlement to any state benefits you currently receive.

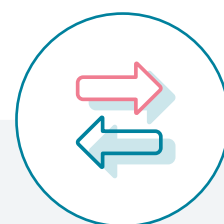
### 3. Take your savings as a flexible income

Taking a flexible income means you leave your pension savings invested in your Smart Pension account and take a series of income withdrawals.

At the start you would typically take a lump sum of 25% as a tax free payment. After that you can arrange for regular income withdrawals to be taken as a taxable income or claim occasional taxable income withdrawals as required. You can stop, start and change your regular income to suit your needs.

You should be aware that leaving your pension savings invested means your money could go up and down in value.

This option is offered by a number of pension providers and you can transfer your pension saving to whichever provider you choose. We also offer this option through our new Smart Retire product. You can find out more about Smart Retire on page 14.



#### Is this the right option for you?

- You can take a quarter of your pension savings tax-free under this option. However, after your first withdrawal, there will be restrictions around how much you can save into your pension. This is known as the Money Purchase Annual Allowance (MPAA). Please note, this would apply to your savings in any pension scheme and not just your Smart Pension account.
- Remember your pension savings are meant to provide you with a retirement income. Taking a series of income withdrawals from your account may reduce how much money will be available to you in the future.
- You'll need to keep an eye on your investments to make sure you have enough money for your future.
- Taking a withdrawal from your pension savings will count towards your earnings in the year for tax purposes, meaning you will pay more tax. It may also affect your entitlement to any state benefits you currently receive.
- You can get free, impartial guidance at Pension Wise. Visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or book a free appointment on 0800 138 3944.
- You can also seek financial advice. You can find an independent, local financial adviser at [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).
- Some payments may be subject to emergency tax. You may have to contact HMRC and submit a refund request for the overpaid tax.

## 4. Buy a guaranteed income (also known as an annuity)

Taking your savings as a guaranteed income (also known as an annuity) gives you the security of knowing that your income is guaranteed, however long you live.

Typically, you would take the first 25% as tax free cash and use the rest to buy a guaranteed income.

### How does it work?

You can use your Smart Pension account to buy a guaranteed income for life from an insurance company. You can decide if this increases each year and if someone else gets paid after you die.

**We do not currently offer annuities, so you'll need to transfer your pension savings to another provider if you'd like to take this option.**

If you would like to buy a guaranteed income, you should be aware that there are a range of different annuities, each offering different features. This means you should shop around to find the best option for you.



### Is this the right option for you?

- Once you have bought a guaranteed income, you can't change your mind. This means you won't have the flexibility to change your income if your circumstances change.
- You can get free, impartial guidance at Pension Wise. Visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or book a free appointment on 0800 138 3944.
- You can also seek financial advice. You can find an independent, local financial adviser at [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).

## 5. Mix your options

You could also choose to take your pension savings using a combination or all of the options. If you have more than one pension, you can use the different options for each pot. You can also combine your pension accounts together to make larger pots.

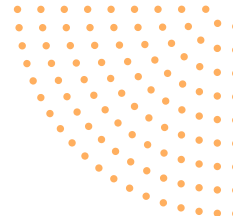
Please note, you can take up to 25% of your pension savings as a tax-free lump sum. The rest of your savings will be taxed in the same way your earnings are taxed while you're working, except you won't have to pay National Insurance.

You can mix your options by using Smart Retire along with another retirement option offered by a different pension provider. You can find out more about Smart Retire on page 14.



### Is this the right option for you?

- You can get free, impartial guidance at Pension Wise. Visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or book a free appointment on 0800 138 3944.
- You can also seek financial advice. You can find an independent, local financial adviser at [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).



# What options are available at Smart Pension?



## We offer you four main options:

### Keep your pension savings invested

You might decide that you aren't ready to take your pension savings yet and would like to keep them invested.

Keeping your pension savings invested will give your money a chance to grow but you should be aware that the value of your pension savings could go down as well as up.

### Take your savings all in one go

You can take your pension savings as a single lump sum. You can usually take 25% of your savings tax-free and the rest will be taxed.

### Take a flexible income from your savings

Take a lump sum of 25% as a tax free payment followed by regular withdrawals to provide a taxable income or claim occasional taxable income withdrawals as required. You can stop, start and change your regular income to suit your needs. We offer this option through our Smart Retire feature. You can find out more about Smart Retire on page 14.

### Mix your options

You could also choose to take your pension savings using a combination or all of the options. If you have more than one pension, you can use the different options for each pot. You can also combine your pension accounts together to make larger pots.



## What options are available to you if you transfer your savings out of Smart Pension?

We currently do not offer the below retirement options, however you may be able to take one of these options if you transfer to another pension provider.

### Take a series of uncrystallised pension lump sums

Taking a series uncrystallised funds pension lump sums means you leave your pension savings invested in your pension account and take a series of cash lump sums over time. Each of those cash lump sums are 25% tax free with the remaining amount taxed at your marginal tax rate.

You should be aware that leaving your pension savings invested means your money could go up and down in value.

### Buy a guaranteed income (also known as an annuity)

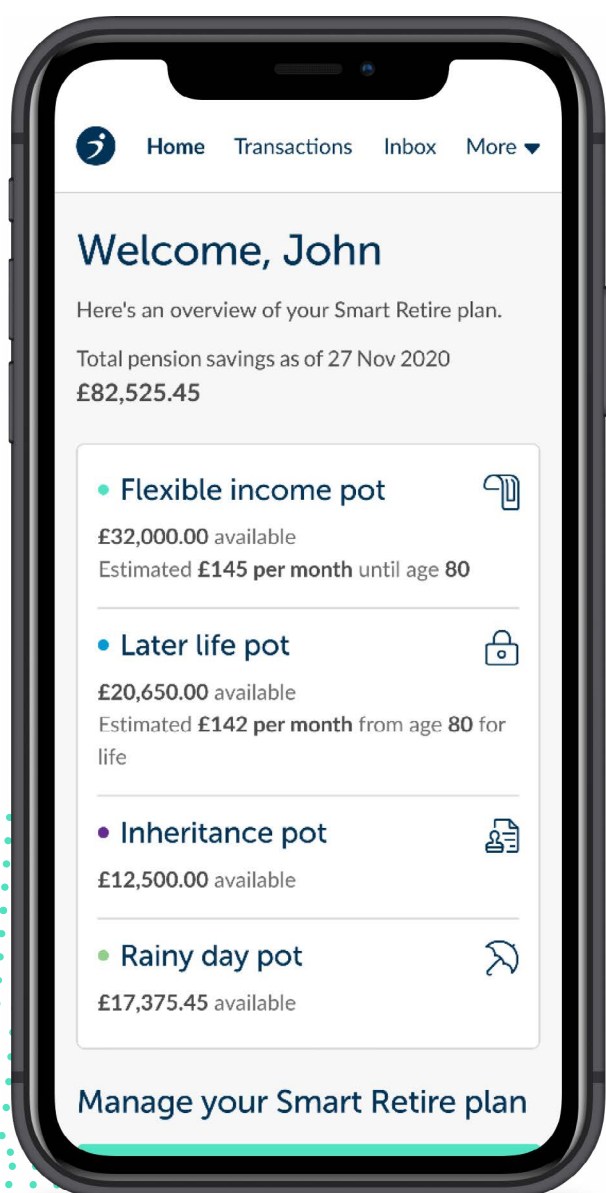
Taking your savings as a guaranteed income (also known as an annuity) gives you the security of knowing that your income is guaranteed, however long you live.

# Introducing Smart Retire

## Retire your way

Everyone's financial needs will be different in retirement. And those needs can change as you move through your retirement journey. That's why we've created Smart Retire.

Smart Retire lets you blend different options to provide flexibility and security throughout your retirement. The image below shows an example of what your Smart Retire dashboard could look like.



## Blend your options

Smart Retire is an easy, low-cost way to use different retirement products to provide an income in retirement.

## Take a flexible income

Ease into retirement by taking a flexible monthly income that you can adjust whenever you want.

## Get a guaranteed income later in retirement

Keep some money invested to grow for later in retirement. For example, to buy an annuity that provides a guaranteed income. Please note, we do not currently offer annuities. You will need to transfer your pension savings to another provider if you wish to buy an annuity.

## Withdraw money when you need it

Withdraw cash lump sums whenever you need to pay for unplanned expenses, like the boiler breaking down.

## Leave an inheritance

Hold some money back to leave as an inheritance to people or organisations you care about when you die.



## Easy to use

### Plan your income

It's simple to make withdrawals or change how much you receive

### Everything in one place

Check your pension savings at a glance, and see how long your income could last

### Manage your money

Easily move your money between your income and savings pots

## How to join Smart Retire

To find out more about Smart Retire, visit [www.smartretire.uk](http://www.smartretire.uk).

# Need further help?

We understand that choosing how you'd like to take your pension savings for your retirement can be a daunting decision. You don't need to make this decision on your own.

We have included a list of services below that can offer you help and you can find more information about your retirement options by signing in to your Smart Pension account.

## Pension Wise

Pension Wise is a government service that provides free and impartial guidance to individuals over the age of 50 on how to take their pension savings.

Pension Wise will:

- Cover a range of options to help you understand the decisions you face.
- Tell you about the ways of taking your pension savings. They can tell you what's tax-free and what's not, and how much you'll get after tax.

Pension Wise is available face-to-face or by phone. You can visit their website at [www.pensionwise.gov.uk](https://www.pensionwise.gov.uk) or call them on 0800 138 3944 to book an appointment.

## The Society of Later Life Advisers (SOLLA)

The Society of Later Life Advisers (SOLLA) can also help in providing specialist retirement advice:

[www.societyoflaterlifeadvisers.co.uk](https://www.societyoflaterlifeadvisers.co.uk)





## State benefit information

For more information about state benefits, visit the government's dedicated website pages:

[www.gov.uk/browse/benefits](https://www.gov.uk/browse/benefits)

## The Pensions Regulator

For more information on how to report a concern you may have about your workplace pension to The Pensions Regulator:

[www.thepensionsregulator.gov.uk/en/contact-us/whistleblowing-contact-us](https://www.thepensionsregulator.gov.uk/en/contact-us/whistleblowing-contact-us)

## Still not sure what to do?

If you're still unsure about your options we recommend that you speak to a financial adviser. You can find one in your local area by visiting [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).

Please note, financial advisers will usually charge a fee for their services. However, a good financial adviser will help you to make decisions that are appropriate to your own financial circumstances. You should check their charges and areas of expertise before appointing a financial adviser.

# Beware of pension scams



As your Smart Pension account grows, so too does your risk of losing your money through one of today's increasingly sophisticated scams.

Watch out for text messages, letters, emails or phone calls offering to help you with your pension, particularly if you're promised big returns. Unsolicited cold calls, emails, texts and door visits about your pension became illegal in January 2019. If you receive one it is very likely to be a scam.

You might be put under pressure to make a quick decision or to take a cash inducement. If you do transfer to a fraudulent account, you could face a big tax bill for withdrawing your pension savings, even though you may have lost your savings.

You can learn how to become scam smart by visiting our website at [www.smartpension.co.uk/pages/how-to-be-scam-smart](http://www.smartpension.co.uk/pages/how-to-be-scam-smart). You can also find more information about protecting yourself from scams at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart). If you suspect a scam, report it to the Financial Conduct Authority's consumer helpline on 0800 111 6768 or Action Fraud on 0300 123 2040.

You can also contact The Pensions Advisory Service, who will be able to provide guidance, on 0800 011 3797 or at [www.moneyhelper.org.uk/en/pensions-and-retirement](http://www.moneyhelper.org.uk/en/pensions-and-retirement).

# Next steps

Once you have decided what option you would like to take, please call us on 0333 666 2626. We'll take you through the next steps for your option or for transferring your pension savings to another provider. We can also provide you with the relevant application forms.

If you would like to get in touch to discuss Smart Retire, you can call us on 0330 174 0643 or email us at [contactus@smartretire.uk](mailto:contactus@smartretire.uk).

If you'd like a copy of this or any item of our literature in larger print, Braille or audio format, please email us at [pensionclaims@smartpension.co.uk](mailto:pensionclaims@smartpension.co.uk).



Call us on 0333 666 2626



Email us at [pensionclaims@smartpension.co.uk](mailto:pensionclaims@smartpension.co.uk)



RoGguide002



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