Taking care of your retirement money

Essential information to help you choose

You can normally take money out of your pension from age 55 (rising to age 57 on 6 April 2028). Taking money from your pension is an important decision. Here are some key areas you need to think about before you decide whether to take out money.

Beware of scams

There are many organisations that will offer seemingly attractive ways to invest or manage your pension savings. But not all of them are genuine. Don't trust any company that contacts you out of the blue, whether it's by phone, text, email or post. For more information or for further details about scams go to **fca.org.uk/scamsmart** or **moneyhelper.org.uk/scams**

Know who you're dealing with

Check out the firms and advisers you deal with using the Financial Services Register at **register.fca.org.uk** to be sure anyone offering you advice or financial services is FCA-authorised. If you don't use an FCA-authorised firm, you won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme if things go wrong. If the firm is on the FCA Register, call the FCA's Consumer Helpline on 0800 111 6768 to check they are allowed to give pension advice.

Making your money last

You probably want the money you have saved to last for your whole retirement. Taking money out too soon, or taking too high an income when you first retire, could mean you don't have enough later on. If you have a partner or any dependents, they might have to rely on your savings after you pass away.

Think about your dependants and your health

When you're planning your money for retirement, it's important to consider all your circumstances. For example, do you have a partner or dependants who would still rely on income from your savings if you died? Your health also influences how long you're likely to need an income. The different ways of using your pension savings can meet your needs in different ways, so you should consider all the options.

Consider where you will invest your pension savings - and keep checking it is still right

It is important to review your investments regularly to make sure they match your retirement goals. If you plan to keep your pension invested and take an income from it (known as income drawdown), instead of securing a guaranteed income from an annuity, you should think about which investments would be appropriate and would suit your attitude to investment risk and keep these under review. For example, keeping your money in cash could mean that inflation erodes its value over time.

Please note that if you're unsure about the suitability of an investment you should speak to an authorised financial adviser.

Consider the impact of inflation

Prices tend to increase over time, making it more expensive to buy the things you need. If you plan to take flexible withdrawals from your pension, you may need to take more each year to keep pace with inflation. This will need to be managed carefully so that you do not run out of money sooner than you expect.

Alternatively, you may want to think about an annuity that increases each year. This could ensure you have a guaranteed income that covers essential expenses.

Shop around

You can often get a better deal by comparing what different providers offer. You may find a product provides for a larger annuity, that has lower charges, a wider investment choice or more flexible features. This could mean you receive a higher income in retirement.

Check what charges apply

All providers charge a fee for managing and investing your pension savings. These charges can eat into your savings, which in turn can affect how long your income might last. Fees and charges differ, so it's important to compare products and providers. Feel free to contact us for more information on the charges that apply to your pension savings.

Check the tax you will pay

You can usually withdraw up to 25% of the value of your pension without paying tax, but further withdrawals will be taxable. Taking a large amount from your pension could move you into a higher tax bracket. Our online pension tax calculator can help you see how much tax you might pay on your withdrawals.
Go to **fidelity.co.uk/pensiontools**

Tax treatment depends on individual circumstances and all tax and pension rules may change in the future.

Personal Investing

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Reduction in your annual allowance

Once you've made a taxable withdrawal from your pension (not purchased an annuity), the amount that can be paid into your pensions with the benefit of tax relief will go down. This could be a key consideration if you are still working or want to save more for your retirement.
Go to **fidelity.co.uk/pension-allowances**

Lump sum allowance

The lump sum allowance (LSA) is the maximum amount of tax-free cash you can take from your pension savings in your lifetime. You can take 25% of your pot tax-free, as long as this amount is not higher than the LSA. The standard LSA is £268,275.

Some people might have a higher allowance if they also had a higher protected lifetime allowance.
Go to **fidelity.co.uk/pension-allowances**

Means-tested benefits and debts

Money taken out of your pension may count as savings when you're assessed for means-tested benefits. Money that is still in your pension is only considered if you have reached state benefit age. Go to **gov.uk** and search 'Pension freedoms and DWP benefits' for a factsheet about this.

Pensions are protected

Companies that provide pensions are required to have certain arrangements in place to protect your money. There are a number of protections in place and if you need further information please visit **fidelity.co.uk/how-is-my-money-protected**

Lasting power of attorney

A lasting power of attorney allows someone to make decisions about your finances and/or health. Without this, your loved ones may not be able to help you manage your finances or make decisions about your medical treatment should you ever need it. Making these arrangements in advance makes it easier for people to help you if something unexpected happens. A lasting power of attorney doesn't mean you can't manage your own money.

This document outlines a wide range of issues that may be relevant to consider. Some may not be applicable to you but we hope you find this information useful as part of your financial planning for retirement. You can find details of where to get more help at the end of this document.

For those approaching age 75, we have outlined some additional points for you to consider before accessing money from your pension.

Continuing contributions

After the age of 75, any contributions that are made by you or someone else on your behalf will no longer be eligible for tax relief. However, they could still be subject to income tax when withdrawn from the pension.

Tax risks for beneficiaries

Taking money from your pension pot now could mean any beneficiaries pay more tax on your savings. That's because you don't usually pay inheritance tax on savings that are still inside a pension but you may pay inheritance tax on any money that's been taken out.
Go to **fidelity.co.uk/legacyplanning**

If you die before the age of 75, your pension can generally be paid out as a tax-free lump sum to your beneficiaries subject to the lump sum and death benefit allowance (LSDBA) of £1,073,000. If your beneficiaries take your pension as drawdown or as an annuity, then the LSDBA doesn't apply and payments will be tax-free.

If you die after age 75, your beneficiaries have the same options, but they'll have to pay income tax on the benefits and the LSDBA won't apply.

Where to go for help

As you consider this important decision, don't forget that you can get guidance or personalised advice if you need it. Comparing your options and their different implications isn't easy. We recommend that you consider getting expert help. This should offer you the peace of mind of knowing that you understand the alternatives and have made the right choice. There are three ways you can get help:

Pension wise
Your money. Your choice.

The Government offers a free and impartial guidance service to help you understand your options at retirement. This is available via the web, telephone or face-to-face through the Pension Wise service which is now part of MoneyHelper; the easy way to get free help for all your pension and money choices. You can find out more by going to **moneyhelper.org.uk/pensionwise or call them on 0800 011 3797**

Fidelity's Retirement Service can answer your questions and give you information and guidance. They also offer paid-for financial advice and a personalised recommendation. If you would like details of this service and any relevant charges, or to discuss your options, call the team on **0800 084 5045**.

You can also use your own financial adviser. For help finding a financial adviser, visit **moneyhelper.org.uk** or **unbiased.co.uk**

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