



# PENSION RELEASE: PENSION FREEDOM INFORMATION FOR THOSE AGED 55 OR OVER

Pension Type	Can I just release a target sum of cash from my pension now?	Can I release 100% of my pension fund as a single cash lump sum payment?	Why should I speak to Grove for advice?
<p><b>Personal/Stakeholder, Group Personal Pension, some Defined Contribution company pensions.</b></p> <p><b>Definition:</b> Money is paid by you / an employer, usually to a pension company.</p> <p>The contributions are invested in a fund or funds and what you get will depend on investment returns and how much was paid in.</p>	<p><b>YES</b> – You can release any amount you need; however, it is likely you will need to transfer your pension pot into a new contract, which will allow you to take advantage of the new Pension Freedom rules.</p> <p>There are a number of different options: you could take just the tax free part of your fund now (up to 25% of your pension pot), leaving the remainder to release at a later date (this part is liable for income tax *).</p> <p>Alternatively you may want to release an amount that is partly tax free and partly taxed; it will depend on your current circumstances and future plans.</p>	<p><b>YES</b> – You can release 100% of your pension pot as a single cash payment, usually from your existing contract.</p> <p>25% is tax free; the balance is liable for income tax*.</p> <p>With careful planning and forethought, spreading release of your payment over more than one year can sometimes save significant amounts of tax or the loss of state benefits.</p>	<p>Grove Pension Solutions Ltd is regulated by the Financial Conduct Authority.</p> <p>We are financial advisers specialising in helping people release money from their pension funds early and have been doing this for many years now, long before the recent Pension Freedom changes came into effect.</p> <p>We have provided professional advice to thousands of people over the years.</p> <p>Our service allows you to evaluate your Pension Freedom options without paying a penny. It's only if you decide to go ahead with releasing all or part of your pension pot that you pay a fee.</p> <p>You are under no obligation to go ahead if you don't want to.</p>
<p><b>Private Sector and Funded Public Sector Final Salary pensions</b></p> <p><b>Definition:</b> Also known as Defined Benefit schemes; these are typically provided by bigger employers, including Local Government (LGPS).</p> <p>You are guaranteed a pension in retirement based on your length of service and earnings.</p>	<p>These types of schemes are banned from transferring into a Defined Contribution pension and as a result are unable to take advantage of the flexibility Pension Freedom allows.</p> <p>You are only able to receive benefits direct from the pension scheme and dependant on the rules of that scheme.</p>	<p><b>YES</b> – You can release 100% of your pension pot as a single cash payment; however, you will have to transfer your pension pot into a new contract, which will allow you to take advantage of the new Pension Freedom rules.</p> <p>25% is tax free; the balance is liable for income tax*.</p> <p>With careful planning and forethought, spreading release of your payment over more than one year can sometimes save significant amounts of tax or the loss of state benefits.</p>	<p>Our service allows you to evaluate your Pension Freedom options without paying a penny. It's only if you decide to go ahead with releasing all or part of your pension pot that you pay a fee.</p> <p>You are under no obligation to go ahead if you don't want to.</p>
<p><b>Unfunded Public Sector Final Salary pensions</b></p> <p><b>Definition:</b> Known as Defined Benefit schemes, such as the NHS, Teachers', Police, Civil Service, Armed Forces etc.</p> <p>You are guaranteed a pension in retirement based on your length of service and earnings.</p>	<p>These types of schemes are banned from transferring into a Defined Contribution pension and as a result are unable to take advantage of the flexibility Pension Freedom allows.</p> <p>You are only able to receive benefits direct from the pension scheme and dependant on the rules of that scheme.</p>	<p><b>YES</b> – You can release 100% of your pension pot as a single cash payment, usually from your existing contract.</p> <p>25% is tax free; the balance is liable for income tax*.</p> <p>With careful planning and forethought, spreading release of your payment over more than one year can sometimes save significant amounts of tax or the loss of state benefits.</p>	<p>Our service allows you to evaluate your Pension Freedom options without paying a penny. It's only if you decide to go ahead with releasing all or part of your pension pot that you pay a fee.</p> <p>You are under no obligation to go ahead if you don't want to.</p>

\* Income Tax is liable at your marginal rate depending on your individual circumstances at the time and may be subject to change in the future.

# PENSION RELEASE: NEW RULES - NEW RISKS

While it is possible to take cash from your pension from age 55, it must be made very clear that taking any pension benefit early is only suitable for a limited number of people and circumstances.

It should not be seen as an easy way of raising cash and it is likely to result in a reduction of what you would have otherwise got in retirement.

The rules governing pensions changed from April 2015, bringing in a new era for most people known as Pension Freedom. This introduced far greater flexibility and now allows individuals to release their entire fund as a single cash payment; you are no longer forced to use part of your pension fund to provide income.

However, those taking 100% of their pension pot as a lump sum could see a significant tax bill of potentially up to 45%, or those on 'means tested' state benefits could lose them entirely.

Although you can release up to 25% of your pension pot tax free, all of the balance is taxed at your marginal rate depending on your individual circumstances and may be subject to change in the future.

## **In addition:**

- You will need to plan for any future changes to UK tax and benefit rules and your circumstances.
- Defined Benefit schemes have extremely valuable benefits that would be lost if you transferred out into a Personal Pension to take advantage of the new Pension Freedom rules.
- Taking your entire pension pot as cash may not be the most suitable option for you, particularly if you are likely to be dependent on the income it would have generated in retirement.
- Once you have used up your entire pension fund there will be nothing left to provide for you in retirement.

## **It is vital that you get professional advice.**

The government have committed themselves to the notion that everyone who is considering taking advantage of the new Pension Freedoms should be able to get free guidance; the problem is it is just that, guidance. They are also saying that you should get qualified professional advice before making any decisions that could affect the rest of your life.

Grove are Professional Financial Advisers specialising in Pension Transfers. We have years of experience and have already advised thousands of people. We will tell you whether releasing your pension early is the right thing for you to do and how to minimise, or even eradicate any tax charge or effect on State Benefits.

It costs nothing to find out your options.

"Clearly explained, including information about how my pension would work in the future and all implications of changing provider to a new company. Very pleased."

**Mr S P S – Birmingham**

"I was very impressed with the professionalism of the staff and the manner in which they completed my case. They always seem to have time to answer any questions. I am pleased with the results."

**Mr I E S – Croydon**

"Grove Pension Solutions Ltd were professional in dealing with my pension and all the staff I had contact with were polite and helpful. I was made to feel comfortable and given any information I asked for in a clear and understandable manner. I would definitely recommend Grove Pension Solutions Ltd to my friends and family."

**Mr D N McC – Oxted**

"A great company – fast, efficient and always kept me up to date at all times. All details were explained in layman terms which made things really easy."

**Mr M G B-C – Manchester**



Telephone: **01959 534 082** Email: **info@groveps.co.uk**  
Website: **www.grove-pension-release.co.uk**