Making sense of your retirement options

Contents

If you're reading this digitally, clicking on the entries in the Contents above and the page references throughout will take you straight to the parts you want to read.

Introduction

We're writing to you as once you reach the minimum pension age, you can withdraw money from your defined contribution pension(s). You don't have to access your pension pot now, but whenever you do you'll need to make a decision. It won't happen automatically.

This guide includes details about the options you have and what you need to think about. We've included links to our website, as well as some industry websites which might help. You can get help from us, a financial adviser, or you can choose an option yourself.

The minimum pension age is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age.

You can find out more about protected pension ages at **aviva.co.uk/nmpa**

What type of pension is this guide for?

It's possible you have more than one pension. Different pensions will have different options. In this guide, we're talking about your defined contribution pension set out in this pack.

A defined contribution pension is one you and/or your employer have paid into over the years. It's different to a defined benefit pension, which is sometimes called a 'final salary' pension. A defined benefit pension is based on your salary and years of service.

With a defined contribution pension, the size of your pension pot depends on:

- the amount of money you and/or your employer(s) have paid into it
- how long the money has been invested for
- the investment returns it's earned over that time, and
- the charges taken from it.

How much is your pension worth?

In the pack we sent you with this guide, you'll find an estimated value of your pension pot when you retire. The actual value is likely to be different. This is because your pension invests in funds so its value can go down as well as up.

You can call us on the number in the covering letter that came with this guide to ask for the value on the day you retire.

Do you have other pensions?

If you have more than one pension, you'll get a similar guide from your other providers.

Please read these and any covering material as well, as they'll include details of any specific guarantees and benefits included with these pensions. It's important to know what each provider is offering, so you can get the best deal for you.

We may not offer everything mentioned in the other guides from your other providers.

Living abroad?

The options in this guide apply if you're living in the UK when you can access your pension. If you currently live elsewhere or are planning to be living elsewhere when you access your pension, your options may be limited. Please get in touch with us at that time so we can give you up-to-date information.

Call us on the number in the covering letter, or choose your preferred way to speak to us at **aviva.co.uk/help-and-support/contact-us/pensions-and-retirement**

Think about tax

Make sure you understand the potential tax implications of any decisions you make.

How much tax you pay will depend on your personal circumstances and what you decide to do with your pension pot. You can work out how much tax you could pay by using our pension withdrawal calculator,

You can try out our pension withdrawal calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Any references to tax in this guide are based on our understanding of the current tax laws and practise in the UK. Tax rules may change in the future.

Beware of scams

As you approach retirement, beware of firms claiming to be approved government advisers or trying to persuade you to take money out of your pension pot early. **Find out how to recognise and report pension scams on** **page 38.**

It's up to you

When it comes to deciding how you want to take money from your pension pot it's important to take your time. Following the steps below may help you digest all the information we're providing.

1. Have a look at the estimated value of your pension pot, which you'll have received at the same time as this guide. It's important to understand how much money you'll have available and what kind of lifestyle you'll want to live when you've finished work.

2. Later we explain the four different ways you can take your money. These can be found in detail on **pages 16 to 33**, however it's important you read all the information we've provided to help you understand everything you need to think about before making an informed decision.

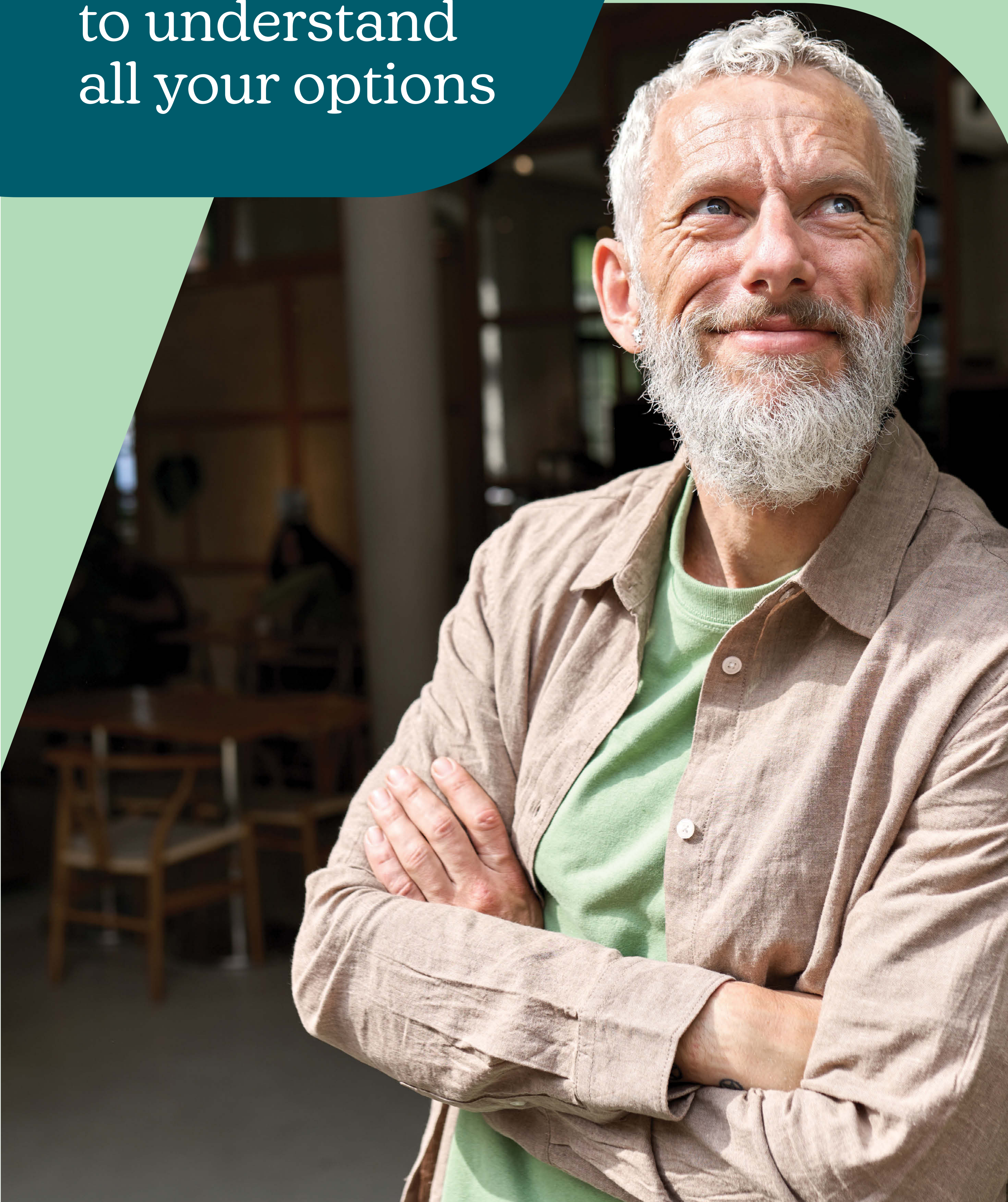
3. Once you've decided what you want to do with your pension pot let us know. You don't have to do anything right now and can choose to keep your pension pot invested. More information about the next steps can be found in the 'What to do now' section on **page 43**.

How can I check the value of my pension pot?

We've provided an estimated value of your pension pot alongside this guide. If you decide you're not ready to make a decision yet, or simply want to start taking your money at a later date, you can check your online account or give us call for an up-to-date estimate.

You can choose your preferred way to speak to us at **aviva.co.uk/help-and-support/contact-us/pensions-and-retirement**

It's important to take your time to understand all your options



Things to think about before taking your money

There are some things you need to think carefully about before deciding what to do with your pension pot.

When do you want to access your pension?

You can take money from your pension pot at any time from the minimum pension age.

You don't necessarily have to stop working to take some money from your pension pot. Your pension may allow you to take money from it while you're still working.

You could consider reducing your hours, or working part-time. Or if you decide you don't want to take money from your pot yet, you might even want to pay more into it.

The minimum pension age is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age.

You can find out more about protected pension ages at **aviva.co.uk/nmpa**

How much money might you have?

Work out the value of your pension pot by checking your recent statements from all providers, so you know how much money you're likely to have. You should also check your State Pension and whether you're eligible for any other benefits.

You could also try our retirement planner to help see how much money you could have when you retire.

Think about any other ways you may be able to fund your retirement: savings and investment, property, or buying an annuity with money that isn't in your pension pot (often called a purchased life annuity) to give you a regular income for life.

To get your state pension forecast visit **gov.uk/check-state-pension**

Try our retirement planner at **aviva.co.uk/retirement/tools/my-retirement-planner**

Do you have more than one pension?

If you've got more than one pension, it could be worth bringing them together to make it easier to track and manage them. This might also reduce some of the charges you're paying if you can transfer from higher-cost pensions to a lower-cost one. This won't be the right thing for everyone and it's an important decision. Before you do anything, make sure you understand all the implications. There's no guarantee you'll be any better off.

Check to make sure your pension doesn't have any guarantees or other valuable benefits you'll lose if you transfer.

Look at the charges and fund range for the pension you're thinking of moving into and compare this with your existing pension(s), to be sure they meet your expectations. Remember, while your pension remains invested, the value can go down as well as up and you may get back less than has been paid in.

If you're not sure what to do, speak to a financial adviser. In fact, in some circumstances you'll have to get financial advice. It's worth being aware that they'll charge you for their services, you can find out more in the 'Get help with choosing your options' section on the following page. You may have already been recommended your pension through your financial adviser or your employer. You can also speak to us about bringing your pensions together — we might be able to help you.

You can find out more about bringing your pensions together at **aviva.co.uk/retirement/transfer-your-pension**

Need help finding your pensions?

If you've lost track of a pension, the government's Pension Tracing Service is free to use and can try to help you find any lost pensions. You can contact them online, over the phone or write to them.

You can find out more about the Pension Tracing Service at **gov.uk/find-pension-contact-details**

How much money might you need?

Think about all the things you might need to pay for during your retirement. These can be anything from your daily living costs and any extras, to emergencies you may have to pay for.

Remember, you may have to pay for long-term care.

> **"Think about the kind of lifestyle you'll want when you've finished work."**

Are there any valuable benefits or guarantees you need to consider?

Some pensions have valuable guarantees or benefits that could be lost or reduced if you retire earlier, delay your retirement or transfer your pension pot to another provider. These could include guaranteed annuity rates, enhanced tax-free lump sum or protected pension age. We'll tell you if this applies to your pension with us. This is something you may want to discuss with your pension provider or a financial adviser.

Check your paperwork or call us to see if your Aviva pension has any rules or charges that could affect you when you start to take money from your pension pot. You can contact us using the details we've provided in the covering letter we sent with this guide. This is important as it may affect how you decide to use the money in your pension pots.

Get help with choosing your options

We know pensions and retirement options are complicated and deciding what to do with your pension pot might feel like an impossible task. Luckily you don't have to make these decisions alone: there are a number of ways you can get help choosing the right option for you.

Impartial guidance

Pension Wise is a government-backed service from MoneyHelper giving you specialist and impartial guidance, either face to face or over the phone.

With Pension Wise, you'll be speaking to an independent pension specialist, who will discuss your different pension options and help you understand what your overall financial situation will be when you retire.

You can book your free appointment by visiting

moneyhelper.org.uk/nudge-public or

call **0800 138 3944**

Independent financial advice

If you need advice, an FCA-regulated financial adviser is the best person to speak to as they can make a personal recommendation based on your individual circumstances. A financial adviser will usually charge for their advice.

If you don't have an adviser, you can find one in your local area at

moneyhelper.org.uk/retirement-adviser-directory

Aviva Financial Advice

An adviser from the Aviva Financial Advice Team can guide you on all your financial planning options. If advice is right for you, the adviser will fully explain the charges before you decide to go ahead with financial advice. Any recommendations Aviva's advisers make will be for products from Aviva and other carefully selected partners.

You can find out more by visiting

aviva.co.uk/advice or

call **0800 068 2859**

The Pension Advice Allowance

To help pay for financial advice, the government's Pension Advice Allowance lets you withdraw £500 on up to three occasions tax-free from your pension pot, if your provider allows it. You can only withdraw this once a year and it must be used to help pay for advice from a regulated financial adviser.

Aviva doesn't currently offer the Pension Advice Allowance.

You don't have to make these decisions alone

Leaving your money where it is

You may not feel ready to make a decision. That's fine, it's your choice.

Leaving your money where it is gives you more time to work out which option is best for you. There may be some restrictions on how long you can do this, but we'll tell you if this applies to your pension with us. Your pension pot will remain invested tax-efficiently until you need it.

Things to think about...

As long as your pension pot remains invested, the value can go down as well as up and isn't guaranteed. You might want to review the funds you're invested in to make sure they still suit your needs. We'll also continue to take charges which will affect the value, especially if you're no longer paying into it.

If you're invested in a with-profit fund, we may apply a market value reduction to any money you take from this fund in the future. We'll tell you if this applies to your pension with us.

Not all pension providers will let you leave your money where it is, especially after age 75. This includes many Aviva pensions. Please look out for letters from us as you approach your 75th birthday, if your money isn't already in drawdown. We'll tell you if you need to take action before your 75th birthday, we'll also tell you if there are any charges for changing your chosen retirement date.

If you don't have the option of leaving your money where it is, it's worth shopping around before deciding to move your pension to another provider. See the 'Getting the most out of your retirement options' section on page 36 for some help with shopping around.

Delaying your retirement may affect your future income tax and eligibility for any means tested benefits. If annuity rates drop before you decide to retire, you could end up with a lower income.

You can find out more about means tested benefits at **moneyhelper.org.uk**

Some pensions have valuable guarantees or benefits that you could lose if you delay retirement or transfer to another pension. We'll tell you if this applies to your pension with us.

Can you continue to pay into your pension?

You (and your employer) can continue to pay into your pension and receive tax relief on your personal contributions until age 75. Personal contributions are limited to 100% of your earnings or £3,600, whichever is higher. None of your Aviva pensions will accept contributions from age 75.

HMRC puts a limit on the total amount that can be paid into all your pension arrangements each year before a tax charge is payable. This is the Annual Allowance. Anything paid in above the Annual Allowance may incur a tax charge. And if you're a higher rate earner or have already flexibly accessed your benefits from any pension, your annual allowance will be lower. Higher rate earners earning more than the threshold income' will have their Annual Allowance reduced. This is known as the Tapered Allowance. Please speak to a financial adviser if you believe you may be affected.

If you've flexibly accessed your pension savings, a reduced annual allowance, known as the money purchase annual allowance (MPAA) will apply to you. 'Flexibly accessing' your pension savings means taking flexi-access drawdown, UFPLS (uncrystallised funds pension lump sum) and flexible lifetime annuities. If MPAA applies, you'll have been informed of this by the provider of your arrangements. Transfer payments from other pensions don't count towards the MPAA.

If you're a higher rate earner, you can work out how much tapered annual allowance you'll get at **gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance**

What happens to your pension pot when you die?

When you die, any unused pension pots normally fall outside of your estate for inheritance tax purposes. These can be passed on to someone else that you'd like to benefit from them. Make sure you tell your pension provider who your nominated beneficiary or beneficiaries are. They'll consider your request but aren't bound by it.

The income tax rules depend on when the money is taken, but your pension pot continues to be tax-efficient while it's invested.

If you die before age 75

Your pension pot will pass income tax-free to your beneficiary as long as it's paid within two years of us being told about your death and any lump sum is within your Lump Sum & Death Benefit Allowance. If this isn't done within the two-year limit, the money will be added to their other income and taxed at the appropriate income tax rate.

They may be able to take the money as a tax-free lump sum, as tax-free drawdown, or as a tax-free annuity to provide them with a regular income for life.

If you die age 75 or over

The benefits available will depend on the form of pension you hold at the time of your death.

When the money is taken out, either as a lump sum or as income, it'll be added to your beneficiary's other income and taxed at the appropriate income tax rate. However, if a trust is receiving the money, or it's paid to your legal personal representatives, it'll be paid as a lump sum taxed at 45%.

Lump Sum & Death benefit Allowance

If the value of tax-free benefits taken from your pensions during your lifetime and on death, is more than your remaining lump sum & death benefit allowance, the person that benefits may be liable to income tax on the excess.

You can find out more about the different allowances in the 'Allowances explained' section on **page 40****.**

Let us help you

We've got lots of useful information on our website to explain the options available to you. You can also play around with our tools and calculators — like our retirement planner — to get a better picture of what your retirement could look like.

Try our retirement planner at
aviva.co.uk/retirement/tools/my-retirement-planner

If you decide to leave your money where it is, please contact us so we can explain the affect it may have on any valuable guarantees your pension may have, and update our records with your new planned retirement date.

Find out more at
aviva.co.uk/leave-my-money

Getting to know your options

Before we go into detail, the table below shows some of the features and benefits of each option, so you can easily compare them. Not all of these options are available from every type of pension or provider, so you'll need to check with them to see if the option you'd like is available.

	Option 1: Annuity	Option 2: Drawdown	Option 3: Cash Lump Sums	Option 4: Full Withdrawal
Can I set up a regular income?	✓	✓	✗	✗
Do I get a guaranteed level of income?	✓	✗	✗	✗
Can I change how much money I get?	✗	✓	✓	✗
Can my money run out?	✗	✓	✓	✓
Will there be any money left invested in my pension pot?	✗	✓	✓	✗
Could I get a higher income if I have a certain lifestyle or I suffer from certain medical conditions?	✓	✗	✗	✗
Can I move any money left in the pension to a different option later on?	✗	✓	✓	✗

Tax-free **lump sum**

Options 1, 2 and 4 allow you to take up to 25% of your pension pot upfront as a tax-free lump sum. With option 3, taking lump sums from your existing pension pot, 25% of each lump sum will be free of income tax.

Mix and match

It's possible to mix and match between the above options. If this is something you're interested in, you can find out more in the 'Mix the options to suit your needs' section on **page 34**.

You can also find out more about mixing options at **aviva.co.uk/mix-options**

Option 1: Annuity

Use the money in your pension pot to buy a guaranteed income for life by purchasing an annuity.

An annuity guarantees to pay you an income no matter how long you live. You may be able to choose to get payments monthly, quarterly, half-yearly or yearly. The payment can be made at the beginning or the end of the period.

With an annuity product, you can usually choose different options to meet your needs and requirements. This may include providing an income after you die for a person you name when buying the annuity. With some providers, this will have to be a dependant. Other providers will pay an income for any person you name.

You can normally take up to 25% of your money as a tax-free lump sum before using the rest to buy an annuity. Of course, taking a tax-free lump sum then reduces the amount available to buy an annuity, also reducing the income you'll get. Generally, the older you are when you buy your annuity, the higher your income could be, you may also get a higher income if you have certain health conditions.

If your pension pot is worth less than £10,000, please take extra care when considering buying an annuity. For small pension pots, a higher proportion of the value of your pot is used to cover the costs of setting up and maintaining the annuity relative to the income you receive. If you have other pensions, you could bring them together into a single annuity product.

Choose the right annuity for you

You can choose from a number of options, helping you make sure the annuity you buy is suited to your personal circumstances, life expectancy, and attitude to risk. Think about the following:

Do you want to provide an income after you die?

Single life annuity

Provides an income just for you. It won't provide an income for anyone else after you die.

Joint life annuity

Generally pays a lower income to you, but continues to provide an income for someone of your choice (your beneficiary) after you die. Your beneficiary's annuity will only be a proportion of the main annuity.

Guarantee period annuity option

This pays an income for at least a set number of years after you receive your first payment. This means even if you die sooner, an income will continue to be paid until the end of the guarantee period.

This option can be added to a single or joint life annuity. If added to a joint life annuity, your beneficiary's income will normally start when any guaranteed payments following your death have ended. However you can choose for this income to be paid alongside any guaranteed payments instead, but this may reduce the amount of income available to you and your beneficiary.

Value protection

If you choose this option, a lump sum could be paid when you die. You may be able to tell your provider who you want to receive this payment, but they'll not be bound by your request. Otherwise, it'll go into your estate, and inheritance tax may be payable on it. In this case, you can set out who should receive it in your will. The lump sum will be equal to the value of the pension pot used to buy your annuity, less any payments that may have already been made to you.

Are you worried about inflation?

Level annuity option

Pays out the same fixed amount each year for the rest of your life, or if you've decided to provide an income for someone else after you die, the rest of their life. It's worth bearing in mind that inflation will reduce what your money can buy in the future.

Escalation annuity option

Payments are lower to begin with, but rise over time by set amounts or in line with inflation. It's worth bearing in mind that low inflation over a long period of time can mean it takes a number of years for this type of annuity to pay you the same amount as a level annuity.

Other types of annuities

Investment-linked annuities

These involve risk and the income you receive could go down as well as up. So, while it could pay more over the longer term than a basic annuity, your income could also fall. This means you need to be willing to take some risk in return for a potentially higher income. If you're considering this option, look at what's available and then get financial advice.

Enhanced annuities

These offer a higher income to people affected by certain medical or lifestyle conditions. Take a look at the 'Get the highest income possible by being open about your health' section below to see if this option could be right for you.

Flexible lifetime annuities

These can be payable for your lifetime, but can reduce or stop after a given period if you choose.

Hybrid products

Similar to fixed term annuities — which provide an income for a specified period only — these products use a variety of different structures to pay a regular income. They offer guarantees, either of:

- investment growth, or
- the amount of pension savings which will remain to be converted into a retirement income later on.

Get the highest possible income by being open about your health

Make sure you tell annuity providers about your health when you're asking for quotes. It's important you're completely honest about your health and lifestyle.

You may be able to get a higher income if you, or your beneficiary, have or have had certain medical conditions or lifestyle factors that could affect life expectancy.

Providers will ask about your age, where you live, your health and lifestyle. All these things may affect the amount of income you get. If you or your beneficiary answers yes to any of the following, you could be eligible for a higher level of income:

- Do you smoke?
- Have you been diagnosed with a medical condition?
- Are you on medication for a health condition?

You'll need to complete a questionnaire about your medical conditions and lifestyle to find out if you're eligible for a higher level of income. Please also include any medical letters or hospital reports you may hold about your conditions.

Did you know?

Around 25% of our customers under-disclose their medical conditions. Providing accurate details can help our underwriters better assess your health and lifestyle information, and this could result in a higher income.

(Based on 742 annuity plans reviewed after commencement during 2022).

Not all providers offer this and for those that do, the health and lifestyle conditions taken into account will vary from one provider to another.

Things to think about...

Some providers may require a minimum amount to purchase an annuity, and charges for setting up the annuity will be built into the rate you're offered.

Taking part of the money in your pension pot as a tax-free lump sum will reduce the guaranteed income that you'll be able to buy.

You must have enough lump sum allowance and lump sum & death benefit allowance left before taking a tax-free lump sum with your annuity.

If you buy an annuity using the value of a pension that's already being used for drawdown, you can't take a further tax-free lump sum. This applies even if you chose not to take a tax-free lump sum when your drawdown product was set up. For more information about drawdown see the 'Option 2: Drawdown' section on page 22.

You don't have to stay with your current provider and it's possible you could get a higher income from another provider. Some companies don't offer annuity products. See the 'Getting the most out of your retirement options' section on page 36 for some help with shopping around.

Receiving payments from an annuity may affect your eligibility for any means-tested benefits. It could mean that those benefits are reduced or no longer payable.

If you use the money in your pension pot to buy an annuity, you won't be able to change your mind after the end of the cancellation period for your annuity.

What tax will you pay?

Your annuity income will be subject to income tax under Pay As You Earn (PAYE).

Consider your tax situation and whether taking money from your pension pot will affect the amount of income tax you pay. How much you pay depends on your total income and the tax rate that applies to that income. You could move into a higher tax bracket as a result of taking this option.

We'll take tax off your income before you receive it. This is the same as you receiving your salary after tax has been deducted. The amount of tax we deduct from your first payment may be different from the amount due. This is because, in most cases, we're using an emergency tax code. This means that too much or too little tax may be deducted from your payment. This may be corrected in later payments if HMRC give us a new tax code, otherwise you'll need to sort out the difference directly with HMRC.

You can check your income tax for the current tax year at **gov.uk/check-income-tax-current-year** or

call **0300 200 3300** to speak to HMRC directly about your tax code

HMRC places limits on the amount of tax-free benefits that can be taken from pensions. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts. The limits are called the lump sum allowance and the lump sum & death benefit allowance.

Can you continue to pay into your pension?

After buying an annuity you can, in most cases, continue to get tax relief on contributions to your existing pension or a new one up to your relevant UK earnings. This is until you reach your 75th birthday. Remember that annuity payments are included when calculating whether you're subject to the tapered annual allowance

However, if you buy a flexible lifetime annuity, where the level of income can decrease after a fixed term, you'll be subject to the money purchase annual allowance (MPAA).

If you want to continue saving into a pension, the flexible lifetime annuity may not be suitable for you.

You can find out more about the different allowances in the 'Allowances explained' section on page 40.

What happens to the money when you die?

It depends on the type of annuity that you've bought and how old you are when you die. If you have a single life annuity, and no other features, your annuity finishes.

If you die before age 75

Income from a joint life annuity will be paid to your beneficiary tax-free for the rest of their life. If you have selected a guaranteed period, your beneficiary's income will normally start at the end of the guaranteed period.

If you die within a guarantee period, the remaining payments will pass income tax-free to your beneficiary then stop when the guarantee period ends.

Any lump sum payment due from a value-protected annuity will normally be paid free of income tax. It pays a lump sum to a beneficiary. The provider takes into account your wishes when choosing who to pay and you can tell them at any time while your pension is active who you'd like them to consider paying. This will usually fall outside the estate for inheritance tax purposes.

If you die age 75 or over

Income from a joint life annuity or a continuing guarantee period will be added to the overall income of the person or people who receive(s) the income and taxed at the appropriate income tax rate.

Any lump sum due from a value-protected annuity will be subject to income tax. There are different rules depending on who receives the payment.

Lump sums due from a value-protected annuity may form part of your estate for inheritance tax purposes. This depends on whether the beneficiary is chosen at the discretion of the annuity provider or not.

Lump Sum & Death benefit Allowance

If the value of tax-free lump sum benefits taken from your pensions during your lifetime and on death, is more than your remaining lump sum & death benefit allowance, the person that benefits may be liable to income tax on the excess. You can find more information in the 'Allowances explained' section on **page 40**.

Compare your options

Make use of the annuity comparison tool from MoneyHelper. This will allow you to compare the features and costs of different types of annuities available from different providers.

Visit **moneyhelper.org.uk/guaranteed-income**

Let us help you

Our online annuity calculator will help you see what the different options could mean for you. It's quick and easy to use, and it'll help you see what level of income you could get.

Try out our annuity calculator at
aviva.co.uk/retirement/tools/pension-annuity-calculator

If you're interested in buying an annuity you can find out more information on our website or by giving us a call.

Visit **aviva.co.uk/buy-an-income**

Option 2: Drawdown

Drawdown is a flexible way of taking income. You can take regular amounts or change the amounts you take as and when you need to.

To take drawdown, you'll need to move all or some of your money into a drawdown pot. The drawdown account will be specifically designed to provide an income for your retirement. Your current pension with us may already include this option but if it doesn't, you'll need to transfer to one that does.

You can normally choose to take 25% of the money in your pension pot as a tax-free lump sum, at the same time as you move into drawdown.

Drawdown may mean that you can't access guaranteed annuity rates and some other valuable benefits that may be included in your original pension.

You may have to pay tax on the income you take, depending on your circumstances.

You can work out how much tax you could pay using our calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

With drawdown, you need to be actively involved with your pension pot. You choose the funds you want to invest in and how often you want to take a payment.

Things to think about…

Your pension remains invested

With this option you'll be leaving your pension pot invested, so you'll need to keep reviewing the funds you're invested in. Some funds carry higher risk than others, so it's worth checking whether they still meet your needs. Higher risk funds may not be right for you if you're concerned about the risk of large falls in the value of your pension pot. If you don't want to regularly keep an eye on your investments, this may not be the right option for you. The value of investments can fall as well as rise, isn't guaranteed and you may get back less than was invested.

You could choose your own investments, matching them to your attitude to risk and your objectives for your money. Otherwise, you could use the investment pathways which some providers offer. These are a range of four ready-made investment options, each linked to different plans you may have for the future. An investment pathway simplifies the decision of how to invest the money remaining in your pension pot after you've taken your tax-free lump sum.

You can find out more about investment pathways at **aviva.co.uk/pathways**

Not all pensions offer investment pathways. Please contact us to find out if this option is available for you.

For now, think about how long you expect your money to last, when you'll want to take more out, and what you want to do with it.

Your provider will explain your investment options if you decide to move into drawdown. You or your adviser are still responsible for your investment choices.

The money in your pension

Your provider will continue to take charges from your pension pot while it remains invested. This will affect the value of your pot and could reduce the level of income you're able to take.

It's important to regularly review the amount of money that remains invested in your pension. You need to check that it'll continue to meet your needs in retirement. It's particularly important to look at your investment options to help reduce your risk of running out of money.

Deciding how much income you can afford to take and how long you'll need your money to last needs careful planning. The value of your pension pot isn't guaranteed and can still go down as well as up over time. This means you could start eating into the money too quickly if you take too much too soon, especially if stock markets fall.

Taking your money in this way may affect your eligibility for any means-tested benefits. It could mean that those benefits are reduced or no longer payable. It could also affect contributions being made into other pensions. For more information see the 'Money purchase allowances (MPAA)' section on **page 41**.

Your options in the future

The money that stays invested in your drawdown pot can be used to give you further retirement benefits in the future such as an annuity. For more information about annuities see the 'Option 1: Annuity' section on **page 16**.

If you choose to buy an annuity from the money you've already put into drawdown, this doesn't give you the chance to take a further tax-free lump sum. This applies even if you didn't take a tax-free lump sum when you originally put the money into drawdown.

You must have enough lump sum allowance and lump sum & death benefit allowance left before taking a tax-free lump sum with each part of your pension pot that you move into drawdown.

Drawdown won't give you a guaranteed retirement income for the rest of your life. Neither will it give a guaranteed retirement income for someone else after you die if they choose drawdown as their death benefit option.

What tax will you pay?

Your drawdown income will be taxable under Pay As You Earn (PAYE) alongside any other taxable income you're receiving.

Consider your tax situation and whether taking any money from your pension pot will affect the amount of income tax you pay. For example, you could move into a higher tax bracket as a result of taking this option.

The amount of tax we have to deduct from your first drawdown payment may be different from the amount due. This is because, in most cases, we're using an emergency tax code. If you take further payments in the same tax year we'll use the code provided by HMRC to calculate how much tax to deduct from those payments, If you don't intend to take further payments in the same tax year you can reclaim any overpayment from HMRC. If you believe additional tax is due, it's up to you to contact HMRC. If you don't contact them they'll deal with any under or overpayment of tax after the end of the tax year by contacting you directly.

You can check your income tax for the current tax year at **gov.uk/check-income-tax-current-year** or

call **0300 200 3300** to speak to HMRC directly about your tax code

HMRC places limits on the amount of tax-free benefits that can be taken from pensions. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts. The limits are called the lump sum allowance and the lump sum & death benefit allowance.

You can find out more about the different allowances in the 'Allowances explained' section on **page 40****.**

Can you continue to pay into your pension?

Your annual allowance for future contributions isn't affected if you take a tax-free lump sum but no income. Your annual allowance will remain the same unless you have a tapered annual allowance. This is until you reach your 75th birthday.

Taking any income in addition to your tax-free lump sum will trigger the money purchase annual allowance (MPAA). You'll still have the same annual allowance, but no more than £10,000 can be paid into all of your defined contribution pensions without triggering a tax charge.

If you want to carry on building up your pension pot, this may influence the timing of when you start taking any flexible retirement income.

What happens to your money when you die?

When you die, any money remaining in your pension pot normally falls outside your estate for inheritance tax purposes. The income tax that your beneficiary pays depends on the age you die.

If you die before age 75

Your pension pot will pass income tax-free to your beneficiary as long as it's made available to them within two years of us being told about your death. If this isn't done within the two-year limit, the money will be added to their other income and taxed at the appropriate income tax rate, as and when they receive it. This rule applies in the same way however your beneficiary chooses to take your pot.

They may be able to take the money as a tax-free lump sum, as tax-free drawdown, or as a tax-free annuity to provide them with a regular income for life.

If you die age 75 or over

When the money is taken out, either as a lump sum or as an income, it'll be taxed at your beneficiary's appropriate income tax rate.

Lump Sum & Death benefit Allowance

If the value of tax-free lump sums taken from your pensions during your lifetime and on death, is more than your remaining lump sum & death benefit allowance, the person that benefits may be liable to income tax on the excess. You can find more information in the 'Allowances explained' section on page 40.

Compare your options

Remember, you don't have to buy your retirement income from your current provider.

It's important to shop around to see what's available. Take a look at the 'Getting the most out of your retirement options' on page 36 for some help with getting the best deal for you.

Let us help you

Please contact us to see if drawdown is available for your pension. If it isn't you'll need to transfer to another pension. This could be either with Aviva or another provider.

You can also work out how much tax you could pay using the pension calculator on our website. We've also got several other tools and calculators — like our retirement planner — that can help you get a better picture of what your retirement could look like.

Try our online pension withdrawal calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Try our retirement planner at **aviva.co.uk/retirement/tools/my-retirement-planner**

If you're interested in taking drawdown you can find more information on our website.

Visit **aviva.co.uk/take-when-you-want**

Option 3: Cash lump sums

Taking lump sums from your pension pot is a flexible option allowing you to choose how much money you want to take out every time you make a withdrawal, but there's still a lot to think about.

With this option 25% of each withdrawal will be income tax-free with the rest taxable alongside your other income.

The amount of tax you pay depends on your circumstances and on your income as a whole. It also depends on the income tax rate that applies to you. Taking your money in this way could increase your tax rate.

You can work out how much tax you could pay using our calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

This option won't give you a guaranteed retirement income for the rest of your life. Neither will it give a guaranteed retirement income for someone else after you die.

Things to think about...

Your remaining pension remains invested

With this option you'll be leaving the remainder of your pension pot invested, so you'll need to keep reviewing the funds you're invested in. Some funds carry higher risk than others, so it's worth checking whether they still meet your needs. Higher risk funds may not be right for you if you're concerned about the risk of large falls in the value of your pension pot. If you don't want to regularly keep an eye on your investments, this may not be the right option for you. The value of investments can fall as well as rise, isn't guaranteed and you may get back less than was invested.

The money in your pension pot

Your provider will continue to take charges from your pension pot while it remains invested. This will affect the value of your pot and could reduce the level of income you're able to take.

Taking a lump sum payment may mean you can't access guaranteed annuity rates and some other valuable benefits. If you have protected entitlement to a tax-free lump sum higher than 25% and want to use it, you have to take all your benefits at once. This means you can't use different parts of your pot at different times.

It's important to regularly review your pension pot as it reduces in value with each cash withdrawal. Think about how much money you want to withdraw and how long your money will need to last. The earlier you start taking money out the greater the risk that your money could run out — or what's left won't grow enough to generate the income you need to last you into old age.

Remember, your pension pot may need to fund not just your immediate needs but also new expenses in the future.

There may be some restrictions on how you withdraw your money from your Aviva pension. You can contact us to find out about any restrictions.

If you plan to use lump sum withdrawals to make a one-off purchase, or reduce your debts, you must also consider whether you have enough left to live for the rest of your life.

If you're concerned about debt, help is available at **moneyhelper.org.uk/debt**

Taking your money in this way may affect your eligibility for any means-tested benefits. It could mean that those benefits are reduced or no longer payable. You may be subject to the money purchase annual allowance (MPAA) if you take certain lump sums. For more information see the 'Money purchase allowances (MPAA)' section on **page 41**.

Your options in the future

You can use the money that stays invested in your pension pot for different retirement options in the future. For example, you could go on to buy an annuity or drawdown product.

There may be some restrictions

You may not be able to use this option if you've been granted primary or enhanced protection, with protection of lump sum rights of more than £375,000 from HMRC.

This also applies in the case of disqualifying pension credit, awarded to you under a pension sharing order in respect of crystallised pension benefits. It's best to talk to your provider if you have one or more of these kinds of protection or disqualifying pension credit and find out what your options are.

Crystallised pension benefits are benefits that you or your ex-spouse already accessed, including lump sums, regular income from an annuity or regular income from drawdown payments.

What tax will you pay?

Normally up to 25% of each cash withdrawal will be tax-free. You'll normally pay tax on the other 75%. This is sometimes called an Uncrystallised Funds Pension Lump Sum (UFPLS).

Consider your tax situation and whether taking any money from your pension pot in this way will affect the amount of income tax you pay. For example, you could move into a higher tax bracket as a result of taking this option.

The amount of tax we have to deduct from your first lump sum payment may be different from the amount due. This is because, in most cases, we're using an emergency tax code. If you take further lump sum payments in the same tax year we'll use the code provided by HMRC to calculate how much tax to deduct from those payments. If you don't intend to take further payments in the same tax year you can reclaim any overpayment from HMRC. If you believe additional tax is due, it's up to you to contact HMRC. If you don't contact them they'll deal with any under or overpayment of tax after the end of the tax year by contacting you directly.

You can check your income tax for the current tax year at **gov.uk/check-income-tax-current-year** or

call **0300 200 3300** to speak to HMRC directly about your tax code

HMRC places limits on the amount of tax-free benefits that can be taken from pensions. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts. The limits are called the lump sum allowance and the lump sum & death benefit allowance.

You can find out more about the different allowances in the 'Allowances explained' section on page 40.

Can you continue to pay into your pension?

If you want to carry on saving into a pension, this option may not be suitable because you'll have triggered the money purchase annual allowance (MPAA). This is lower than the full annual allowance and means no more than £10,000 can be paid into your defined contribution pensions in one tax year without triggering a tax charge.

Taking a taxable lump sum will trigger the money purchase annual allowance (MPAA). You'll still have the same annual allowance, but no more than £10,000 can be paid into all of your defined contribution pensions without triggering a tax charge.

What happens to your money when you die?

When you die, any money remaining in your pension pot normally falls outside your estate for inheritance tax purposes. The income tax that your beneficiary pays depends on the age you die.

If you die before age 75

Your remaining pension pot will pass tax-free to your nominated beneficiary as long as it's paid within two years of us being told about your death. If this isn't done within the two-year limit, the money will be added to their other income and taxed at the appropriate income tax rate.

They may be able to take the money as a tax-free lump sum, as tax-free drawdown, or as a tax-free annuity to provide them with a regular income for life.

If you die age 75 or over

When the money is taken out, either as a lump sum or as an income, it'll be taxed at your beneficiary's appropriate income tax rate.

Lump Sum & Death benefit Allowance

If the value of tax-free benefits taken from your pensions during your lifetime and on death, is more than your remaining lump sum & death benefit allowance, the person that benefits may be liable to income tax on the excess. You can find more information in the 'Allowances explained' section on page 40.

Compare your options

Remember, you don't have to buy your retirement income from your current provider.

It's important to shop around to see what's available. Take a look at the 'Getting the most out of your retirement options' on page 36 for some help with getting the best deal for you.

Let us help you

Please contact us to see if the option of taking lump sums is available for your pension. If it isn't you'll need to transfer to another pension. This could with Aviva or another provider.

You can also work out how much tax you could pay using the pension calculator on our website. We've also got several other tools and calculators — like our retirement planner — that can help you get a better picture of what your retirement could look like.

Try our online pension withdrawal calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Try our retirement planner at **aviva.co.uk/retirement/tools/my-retirement-planner**

If you're interested in taking lump sums from your pension you can find more information on our website.

Visit **aviva.co.uk/take-when-you-want**

Option 4: Full Withdrawal

You can take all of the money in your pension pot as a one-off lump sum if you want to.

This option allows you to take all of the money in your pension pot, but it won't give you or someone else who relies on you a guaranteed income. The money that you take may need to last you your whole retirement, so you'll need to think carefully about how you use it to make sure it doesn't run out. And, if you have an employer who's paying into your pension on your behalf, you could lose out on their payments in the future.

Normally, you can take 25% of your money tax-free. The remaining 75% will be added to your other income for the tax year and will be taxable. For many pension pots, this could mean paying a lot more tax than you might expect.

How your withdrawal is taxed really depends on the value of your pension pot. If you have a small pot, or a number of small pension pots, read the 'What if you have a small pension pot?' section on **page 32** for more information about what this could mean for you.

You can work out how much tax you could pay using our calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Once you withdraw all of your pot in one go, you won't be able to change your mind.

Things to think about...

If you withdraw your money in one go and spend it, you may not have enough income to support your lifestyle in retirement. So you have to be absolutely sure it's the right move for you. We recommend speaking to Pension Wise or a financial adviser before taking action.

If you plan to use your cash withdrawal to make a one-off purchase, or reduce your debts, you must also be sure that you have enough left to live on for the rest of your life.

If you're concerned about debt, help is available at **moneyhelper.org.uk/debt**

Some pension providers may charge you for withdrawing all of your money in one go. We'll tell you if this applies to your pension with us.

Taking your money in this way may affect your eligibility for any means-tested benefits. It could mean that those benefits are reduced or no longer payable.

It's worth remembering the buying power of cash reduces because of inflation. Using a cash sum to fund your long-term retirement isn't necessarily advisable.

Taking a lump sum payment may mean that you can't access guaranteed annuity rates and some other valuable benefits. Only 25% of these lump sums is paid tax-free. If you have protected entitlement to more than 25% of your pension pot as a tax-free lump sum, you won't be able to take it using this option.

You may not be able to use this option if you have been granted primary or enhanced protection, with protection of lump sum rights of more than £375,000 by HMRC. This also applies in the case of disqualifying pension credit, awarded to you under a pension sharing order in respect of crystallised pension benefits. It's best to talk to your provider if you have one or more of these kinds of protection and find out what your options are.

You can find out more about these protections at **moneyhelper.org.uk/lifetime-allowance**

What tax will you pay?

Normally, up to 25% of the lump sum is paid tax-free. The remaining 75% will be added to your other income for the tax year and you'll be income tax on this amount. This means this option may not be suitable if you're entitled to more than 25% of the value of your pension pot as a tax-free lump sum.

If you withdraw all your money it'll increase your total income for the tax year. This means you'll pay more tax. There's also a risk that your tax rate will go up. Alternatively, if you spread the money over a number of years using drawdown or withdrawing lump sums, you may reduce your tax bill.

In most cases like this, we use an emergency tax code. This means that the amount of tax deducted from your payment may be different to the actual amount due. It's up to you to reclaim any overpayment or pay any additional tax due to HMRC.

HMRC places limits on the amount of tax-free benefits that can be taken from pensions. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts. The limits are called the lump sum allowance and the lump sum & death benefit allowance.

You can find out more about the different allowances in the 'Allowances explained' section on page 40.

Can you continue to pay into your pension?

Taking a taxable lump sum will trigger the money purchase annual allowance (MPAA). You'll still have the same annual allowance, but no more than £10,000 can be paid into all of your defined contribution pensions without triggering a tax charge.

! **Some pensions will automatically close if you withdraw all of your pot at once, however if you let us know you want to continue to pay into your pension we can keep it open for you. We'll tell you if this applies to your pension with us.**

What happens to your money when you die?

The money will no longer be in your pension pot so whatever age you die, any money remaining, or investment bought with cash taken out of your pension pot, will count as part of your estate for inheritance tax purposes. Any money remaining in a pension pot isn't normally part of your estate for these purposes.

What if you have a small pension pot?

If you have a small pension of £10,000 or less in value, you may be able to withdraw it all in one go as a 'small lump sum payment' without affecting your other allowances.

Taking a pension as a small lump sum payment won't trigger the reduced money purchase annual allowance (MPAA).

For personal pensions, you can take up to three small lump sum payments like this in your lifetime. This limit applies across all the personal pensions you have, not just those with Aviva.

In some circumstances if the value of your Aviva pension is over £10,000 but not more than £30,000, you may be able to take up to three small lump sum payments from it in this way. We'll let you know if you can do this when you contact us. If you have a pension with another provider, you'll need to check with them how they offer small lump sum payments.

For occupational pensions — which generally means defined benefit pensions and some defined contribution pensions — you can take one lump sum of up to £10,000 from each occupational pension scheme you have, subject to conditions. There's no limit on the number of schemes.

After you've taken a small lump sum payment there may be no benefits or value left in that pension.

You can find out more about the rules for small pensions at **moneyhelper.org.uk**

Let us help you

We've got lots of useful information on our website to help you understand the implications of choosing to withdraw all your money in one go.

You can work out how much tax you could pay using the pension calculator on our website. We've also got several other tools and calculators — like our retirement planner — that can help you get a better picture of what your retirement could look like.

Try our online pension withdrawal calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Try our retirement planner at **aviva.co.uk/retirement/tools/my-retirement-planner**

If you're interested in withdrawing all your money in one go you can find more information on our website.

Visit **aviva.co.uk/withdraw-it-all**

Mix the options to suit your needs

You don't have to choose just one option. You may find that the best route for you is to mix them over time or across your different pension pots.

You can mix options in a number of different ways and at different times. You might, for example be able to:

- use different parts of one pot for more than one option
- use separate pots for separate options
- combine small pots before choosing one particular option.

So, perhaps, with one pot you might use half of it to buy an annuity to get a guaranteed income for life. And you might move the other half into drawdown to take additional income as and when you need it. You could take 25% of the amount you take out of your original pot for each option as a tax-free lump sum.

Or, if you have more than one pot, you could buy an annuity to get a guaranteed income for life with one and receive a flexible retirement income from another, using drawdown or by taking lump sums.

If you don't want to go it alone, your pension provider or a financial adviser could help. If you have several pensions we recommend getting financial advice to work out how best to use them. An adviser will also tell you when it makes sense to combine pensions. They'll charge you for their service.

Consider what order you want to take these options as some can't be undone.

Things to think about...

If you're considering choosing a mixture of options, you need to think carefully about how this could affect how you get your tax-free lump sum(s).

For example, if you use your whole pension pot to set up a drawdown product and then later use what's left in that product to buy an annuity (a guaranteed income), you wouldn't be able to take a further tax-free lump sum. This applies even if you didn't take a tax-free lump sum when the drawdown product was set up.

It's different if you use only part of your pension pot to set up a drawdown product, then later use the amount remaining in your original pot to buy an annuity. While you could only initially take a tax-free lump sum of 25% of what you moved to drawdown, you could later take another tax-free lump sum of up to 25% of the amount you release from your original pot when buying the annuity.

Compare your options

Remember, you don't have to buy your retirement income from your current provider.

It's important to shop around to see what's available. Take a look at the 'Getting the most out of your retirement options' on page 36 for some help with getting the best deal for you.

Let us help you

You can work out how much tax you could pay using the pension calculator on our website. We've also got several other tools and calculators — like our retirement planner — that can help you get a better picture of what your retirement could look like.

Try our online pension withdrawal calculator at **direct.aviva.co.uk/myfuture/PensionWithdrawalTaxCalculator**

Try our retirement planner at **aviva.co.uk/retirement/tools/my-retirement-planner**

If you're interested in mixing your options you can find more information on our website.

Visit **aviva.co.uk/mix-options**

Getting the most out of your retirement options

We want to help you understand your options and the things you should consider as you think about what to do. We've also given you some details of who you can speak to for more help - you don't have to make your decision alone.

With some of the options, you won't be able to change your mind in the future if your circumstances change. Because of that, you need to be sure you're making the right long-term choices for you.

Shop around for a higher income and the best deal for you

Unless you're withdrawing your whole pension pot in one go, it's a good idea to shop around.

Shopping around will help you to find out what's on offer from different providers before making your decision. You don't have to buy an income product from the company that your pension is with.

In fact, by shopping around, you could get a higher income or find a product that's more appropriate for your needs and circumstances. Here's a few things you could do:

1 Check what your current provider can offer you

You may have valuable guarantees and benefits with your current pension that you could lose by moving to another pension. This information will be on your pension statement.

2 Book a guidance session

Pension Wise from MoneyHelper offers a free and impartial guidance service that could help you get a clearer understanding of what options may be available.

For more information visit
moneyhelper.org.uk/pensionwise

3 Use the internet

A simple search is a good starting point to find out more about what's available.

4 Get quotes from multiple providers

Getting quotes for all the options you're interested in is a good starting point for comparing what other providers can offer.

Other ways to fund your retirement

As important as it is, your pension pot isn't the only means of providing for your retirement. It's worth looking at it alongside other potential sources of income. This will help you get a fuller picture of your financial situation.

State Pension

Once you reach the state pension age, if you qualify, you can claim the State Pension from the government.

You can find up-to-date information about the State Pension at **gov.uk/state-pension**

You can work out how much state pension you might get at **gov.uk/check-state-pension**

Your savings and investments

If you've managed to save or invest some of your money throughout your working life you could use this to help boost your income in retirement.

You might have bought some shares, joined an employee share scheme, or taken out a tax-efficient Individual Savings Account (ISA). Or, you may have some money in a bank or building society account. These kinds of savings could be useful to dip into when you have specific things to pay for. You could even choose to use these savings to buy a purchased life annuity.

Be careful though, there may be tax implications for withdrawing sums of money from some of these savings/accounts.

Purchased life annuity

A purchased life annuity is a retirement income product that you can buy with money of your own that isn't from a pension. Like a pension annuity, it can provide you with a guaranteed income for life.

Your property

If you own your home, it could be a valuable asset. You could consider downsizing, equity release or even just renting out a room.

You can find out more about equity release at **moneyhelper.org.uk/en/homes/buying-a-home/what-is-equity-release**

You can also find out more on our website at **aviva.co.uk/retirement/equity-release**

How to spot pension and investment scams

Pension and investment scams continue to be a threat in the UK. It's important to be vigilant and check the facts before you make a decision you can't change. After all, losing a lifetime's savings doesn't bear thinking about.

Some things to look out for

Be aware of people contacting you out of the blue to offer you a 'free pension review', unrealistic investment returns, or ways to avoid paying tax.

Don't be misled by sophisticated websites that imply they're part of the government-backed Pension Wise service by using the terms 'pension', 'wise' or 'guidance' in their name.

Be careful of people encouraging you to take your benefits before the minimum pension age, or being pressurised into making a decision quickly.

The minimum pension age is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age. You can find out more about protected pension ages at aviva.co.uk/nmpa.

Don't be encouraged to take your entire pot as cash, or a large lump sum, to hand over to someone else to invest for you. Your pension is already invested in one or more funds. If the way it's invested no longer meets your needs, you may have options within a pension. Your money can normally stay within a pension unless and until you actually need to do something else with it.

All firms who offer regulated financial products or advice are registered with the Financial Conduct Authority (FCA) so that they can do business. A firm being regulated with the FCA is a good start but it's still important to be on the lookout for anything that seems suspicious or too good to be true.

To check is someone is registered visit **fca.org.uk/register**

Pension Wise from MoneyHelper will never contact you out of the blue to offer a pension review and their only website is moneyhelper.org.uk/pensionwise.

Once you've transferred your pension or handed over a lump sum it may be too late. Victims have been known to lose their entire pension savings to scams. And, even if you don't lose your money, you could still face a large tax bill from HMRC.

For further information about pension scams visit **thepensionsregulator.gov.uk/pension-scams**

You can also check the FCA's ScamSmart website where you'll find information about known investment scams and can check if a firm appears on their warning list.

Visit **fca.org.uk/register**

If you've accepted an offer or you're concerned that something is a scam, you can contact Action Fraud.

Visit **actionfraud.police.uk** or

call **0300 123 2040**

If you think you've been a victim of a scam, you can book an appointment with MoneyHelper's Pension Loss and Rebuilding My Pension service.

Email **virtual.appointments@moneyhelper.org.uk**

Allowances explained

Throughout this guide we've mentioned various allowances and each is explained in more detail below. All details of limits and charges in this section apply to the current tax year. They may change in the future.

If you think you may be affected by any of these allowances, we recommend you discuss your options with a financial adviser.

Lump Sum Allowance and Lump Sum & Death Benefit Allowance

HMRC places limits on the amount of tax-free benefits that can be taken from pension schemes. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts.

The standard Lump Sum Allowance is £268,275 and the standard Lump Sum and Death Benefit Allowance is £1,073,100. Your remaining allowances reduce each time you take benefits. Your personal allowances may be higher than the standard amounts if you've been granted one or more of the types of protections by HMRC.

You can find out more about these allowances at **gov.uk/tax-on-your-private-pension**

If these allowances are likely to affect you, we recommend you get financial advice.

Annual allowance

The annual allowance is a limit on the amount that can be paid into all your pensions each year, without triggering a tax charge. The standard annual allowance is £60,000. Depending on your circumstances, this can be reduced by:

- the tapered annual allowance and
- the money purchase annual allowance (MPAA).

The annual allowance applies across all your pension savings. If you exceed the allowance, a tax charge may apply. If your taxable earnings in the year are below the annual allowance then tax relief on your personal pension contributions is limited to whichever is higher: 100% of your earnings or £3,600.

Tapered annual allowance

The annual allowance is reduced or 'tapered' if your total income (excluding pension contributions) exceeds £200,000, and your total taxable income (including pension contributions) exceeds £260,000.

Money purchase annual allowance (MPAA)

The MPAA reduces the maximum amount that can be paid in one year into your defined contribution pension to £10,000 without triggering a tax charge. You'll be affected by this if you take a taxable payment from your pension (other than a regular income through an annuity).

The MPAA is triggered when you take a taxable income from flexible benefits. This includes the following options:

- Uncrystallised Funds Pension Lump Sum (UFPLS)
- flexi-access drawdown
- or a flexible lifetime annuity.

Your pension provider will tell you whether you've taken or are taking benefits in one of these forms.

You'll still have a total annual allowance of £60,000, but once you've triggered the MPAA only £10,000 of this can be used to contribute to defined contribution pensions. The MPAA limit doesn't apply to defined benefit pensions.

Other forms of pension benefits don't trigger the MPAA. These include a tax-free lump sum, a standard annuity and the type of lump sum from small pension pots that we mentioned in the 'What if you have a small pension pot?' section on **page 32**.

If your taxable earnings in the year are below the MPAA then tax relief on personal contributions to pensions is limited to 100% of your earnings (or £3,600 if you have no earnings).

Alternative annual allowance

This is the limit on how much can be built up in a defined benefit pension (a pension based on your salary and how long you've worked for your employer) in any one year without a tax charge, when you've triggered the MPAA.

The alternative annual allowance is the annual allowance adjusted for any contributions made into defined contribution pensions. For example, if you've paid £10,000 into a defined contribution pension, the alternative annual allowance in £50,000 but may be reduced if the tapered annual allowance applies (plus any allowance carried forward from the previous three tax years).

If you have a defined benefit pension savings and exceed the alternative annual allowance (where it applies to you) a tax charge is made which reclaims any tax relief that was given on the excess pension savings.

Transitional tax-free amount certificate

Where you have pensions valued at or near £1,073,100 and have taken money from a pension pot up to 5 April 2024, it's important to check before taking any further money from your pensions if you should apply for a transitional tax-free amount certificate. In some circumstances, it can increase the amount of tax-free cash you're entitled to.

Useful services

We've put together a list of services you might find useful.

MoneyHelper

An independent service set up by the government offering free and impartial advice to help you make the most of your money. Pension Wise from MoneyHelper is dedicated to helping you make sense of the retirement choices you have with your defined contribution pensions.

Visit **moneyhelper.org.uk**

Visit **moneyhelper.org.uk/pensionwise**

GOV UK

Pension Tracing Service helps you trace any lost pension funds. **The Pension Service** provides information about the State Pension.

Visit **gov.uk/find-pension-contact-details**

Visit **gov.uk/browse/working/state-pension**

TaxAid

They provide free, independent and expert help and advice for people on lower incomes, who can't afford to pay for professional tax advice.

Visit **taxaid.org.uk**

The Financial Conduct Authority

Find information about avoiding pension scams.

Visit **fca.org.uk/scamsmart**

Financial advice

For advice, the best person to speak to is your financial adviser.

If you don't already have an adviser, MoneyHelper can help you find one in your local area. Or you can get in touch with our support team at Aviva. They can help you decide if financial advice is right for you. If it is, they can put you in touch with an adviser from Aviva Financial Advice.

Visit **moneyhelper.org.uk/retirement-adviser-directory**

Visit **aviva.co.uk/advice** or

call us on **0800 068 2859**

What to do now

Whatever you're thinking of doing, just let us know.

1 Ready to make a decision?

When you've made a choice, give us a call on the number in the covering letter that came with this guide.

2 Not sure and want guidance or advice?

Speak to Pension Wise from MoneyHelper, a free and impartial government backed service that helps you make sense of your retirement choices.

Visit **moneyhelper.org.uk/pensionwise**

For advice on what's best for you, you should speak to a financial adviser if you have one. You may have access to financial advice through your employer.

If you'd like to find your own financial adviser, you can look for one in your local area at **moneyhelper.org.uk/retirement-adviser-directory**

We can put you in touch with Aviva Financial Advice.

Visit **aviva.co.uk/advice** or

call us on **0800 068 2859**

3 Not ready to start taking your money yet?

If you don't want to do anything with the money in your pension pot yet, that's fine. Just call to let us know, using the number in the covering letter that came with this guide.

We'll make a note of your decision and get in touch every five years with up-to-date information about your pension and your retirement options. But you can of course contact us at any time before that, if you decide you'd like to start using your pension pot.

With some pensions you need to make a decision before age 75 or transfer to a new pension that allows you to leave your money beyond that date. We'll tell you if this applies to your pension with us.

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How to contact us

Call us on **0800 068 6800** or

email **contactus@aviva.com**

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