

LF Stakeholder Pension Scheme

Your product options

There are a variety of options available for anyone aged 55 or over to access their 'defined contribution' pension savings. This document summarises the options for your LF Stakeholder Pension Plan. You should read the retirement information pack sent to you with this form as this will give you important information about the options available and things to think about when you consider your options.

These options may also be available if you are under age 55 and are unable to continue working because of ill health.

It's important to remember you have been saving into your pension plan so that you can use your pension savings to provide you with an income in retirement. Any money you take from your plan will reduce your savings and therefore reduce the level of retirement income you could receive.

You should read through your information pack provided carefully to consider the options available to you before completing this form.

We strongly recommend you take the free and impartial guidance offered by the government. You can find out more on the dedicated 'Pension Wise' website www.pensionwise.gov.uk. This service also offers guidance over the phone or face to face. Simply call 0300 330 1001.

1. How do I access all or part of my stakeholder pension plan?

Option	Availability	Offered by LFS
Postpone taking your pension savings until a later date	You do not want to start taking your pension benefits yet and want to leave your pension savings invested until a later date.	✓
Full pension pot lump sum	If you want to take your full pension pot as a cash lump sum, the first 25% will be tax-free and the remaining 75% will be subject to income tax. For many people, it may be more tax efficient to consider other options. We strongly recommend that you seek free, impartial guidance from Pension Wise or consult a suitably qualified professional if you are considering this option.	✓
Use your pension savings to provide a guaranteed regular income	If you want to take 25% of your pension savings as tax-free cash and use the remainder to secure a regular guaranteed income you will need to transfer to a suitable annuity product.	✗
Take part of your pension pot as a cash lump sum and leave the remainder in your pension plan	You do not have to commit to a retirement income product to access cash from your pension savings. With this option you do not receive 25% of your total pension pot as a one off tax-free payment. Instead, 25% of each withdrawal you make is tax-free and the remainder of the withdrawal is taxable as income. If you want to use this option, you will first need to transfer your pension pot to another provider who offers this facility.	✗

Please be aware that some of the decisions you make may be irreversible once you've chosen any of the options available to you.

2. Things to consider when accessing your pension savings

INCOME TAX

All of the options available have income tax implications of which you need to be aware. Remember that the tax you pay depends on your personal circumstances and the law and tax rates may change in the future. These details are based on our current understanding of tax law and HM Revenue & Customs' (HMRC) practice which is subject to change.

Other than amounts paid as tax-free cash, any monies we pay will be taxed under Pay As You Earn (PAYE). Depending on how much other income you have, payments we make to you might push you into a higher rate tax bracket, even if you are not normally a higher rate taxpayer. This is important to remember, particularly if you are still working and drawing income from your pension savings.

The amount you receive from us may not be the full amount you are due as we may have to apply a tax code which is different to your actual tax code.

We will confirm all the details so that you can reclaim any overpaid tax from HMRC.

If you plan to continue contributing to a pension plan after accessing some or all of your pension savings this may affect your Annual Allowance, that is the amount that you can contribute each year that attracts tax relief.

You should consult a suitably qualified tax professional if you require advice.

INHERITANCE TAX

Monies taken from your pension (tax-free cash, income payments or lump sums) form part of your estate if not used up before you die. Your estate may be liable to Inheritance Tax on such amounts.

By contrast, any part of your pension savings that was untouched would not normally be liable to Inheritance Tax.

If you are unsure about the effect that your chosen option will have on the amount of Inheritance Tax your beneficiaries may need to pay we recommend that you seek advice from a suitably qualified tax professional.

BENEFIT ENTITLEMENT

Any pension benefits you take could reduce or even stop any State Benefits you may currently receive or be entitled to in the future. Income payments from your pension savings may be included in your total income when assessing your eligibility for benefits.

INVESTMENT SCAMS

Investment scams targeting people accessing their pension savings are on the increase. It is important that you are aware of potential scams and how to avoid these.

We recommend that you read the 'Scammed out of his retirement. Don't be next' leaflet we have provided to you.

INVESTMENT FUND CHOICE

If you decide to defer your retirement to a later date, you may need to consider how your pension savings are invested. This is particularly important if the Security Option applies. Where it does apply, during the five year period leading up to your Selected Retirement Date, your pension savings are moved into the LF Cash Pension Fund, reducing the risk to which your pension pot is exposed. If you decide to defer your retirement to a later date, you may want to review the funds in which you are invested, to ensure you have an appropriate balance of risk and reward.

SMALL PENSION POTS

If your pension pot is £10,000 or less, it may be classed as a 'small pension pot'. You can take the full amount as cash and this will not affect your Annual Allowance. 25% of the pot is paid tax-free, the remainder is taxed as income. However, you can only do this up to three times across all providers in your lifetime.

OTHER PENSIONS

When deciding if and how you want to access this pension plan, you should also think about any other pensions you may have. If you have other pension plans, you may want to consider bringing them together if combining your pension savings increases the options available to you or enables you to get better value from your pension savings.

3. What should I do next?

It's important that you seek guidance so you can understand how your retirement options may affect you and the implications of any choices you make.

- The government is offering everyone free and impartial guidance which we strongly recommend you take. You can find out more on their dedicated 'Pension Wise' website www.pensionwise.gov.uk. This service also offers guidance over the phone or face to face. Call 0300 330 1001.
- You may also want to speak to a financial adviser before you make any decisions about your future, or a suitably qualified tax professional if you need advice about your individual tax position.
- Read the retirement option information pack that we have sent you with this form.
- Please call us on **0345 603 0142** if you have any questions about your stakeholder pension plan, your retirement options or the retirement income products offered by LFS. Calls are charged at standard rate. We may monitor and record calls. Alternatively, visit our website <https://pensions.linkgroup.eu/>.

If you don't want to take money from your pension at the present time, you can defer your Selected Retirement Age for as long as you want. If you defer your Selected Retirement Age, you can access your pension savings at any time, as long as you are aged 55 or over. **Please remember the value of your pension savings may fall as well as rise.**

4. Request for further information

How to access your pension savings is an important decision and you must consider all your options carefully. We are not giving you financial advice by sending this pack and we strongly recommend you seek pension guidance or advice to help you with this decision.

You may be able to get a better deal or find more suitable products by switching to another provider, so you should shop around. You don't have to stay with LFS. Different providers offer different types of products and services so it's really important that you find what suits you the best.

NAME OF ACCOUNT HOLDER:

Name

Plan number

N	W	S	H	P								0	1
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Address

Postcode

Telephone number

OPTION 1. LEAVE MY PENSION SAVINGS INVESTED

You don't have to decide to do anything now. You can take the benefits from this plan at a later date, whenever you wish. Please tell us your new Selected Retirement Age so we can contact you beforehand to let you know your options.

New Selected Retirement Age

I would like to change my fund choice or Security Option, please send me information about the funds available and a form to change my fund choice.

OPTION 2. TAKE ALL OF MY PENSION SAVINGS AS A LUMP SUM

a) I would like information about taking all of my LFS plan savings as a lump sum where 25% will be paid tax-free and 75% subject to income tax.

or

b) I have not already taken more than two small pot lump sum payments of less than £10,000 from other providers and believe that I qualify for small pot lump sum payment.

OPTION 3. TRANSFER MY WHOLE PENSION SAVINGS TO ANOTHER PENSION PROVIDER

I would like information on transferring my pension savings to another provider as LFS do not offer my preferred option. If you wish to purchase an annuity or take a partial lump sum out of your pension savings, it is necessary to transfer to another provider.

Please return your completed form with any original or certified documentation to:

LFS, PO Box 1249, Cheltenham GL50 9YL