SSAS Information Booklet
Member Benefits

About your Benefit Options

This booklet provides general information on the benefits available to our SSAS clients.

It covers:
- When and how benefits can be taken
- The lifetime allowance and how it impacts the benefits available to you.
- The pension commencement lump sum (also known as tax free cash).
- Pension options, including annuity purchase as well as income drawdown through Flexi Access Drawdown (FAD) and Capped Drawdown.
- Uncrystallised Funds Pension Lump Sum (UFPLS)
- Phased drawdown (ie taking benefits from part of your fund rather than all of it).
- Benefits available to your beneficiaries in the event of your death.

Please note that an annuity is the only option which guarantees the level of pension that you will receive for the whole of your life. Payments under income drawdown may go down as well as up.

About this booklet

This booklet provides basic information about the benefit options for members of a SSAS. Accessing your pension savings is a complex process which can lead to irreversible decisions and we recommend that you obtain financial advice and/or guidance to help you with your decision making.

A financial adviser will be able to advise you on all of the options available to you and identify which ones best suit your needs.

Pension Wise is a free and impartial service set up by the government which offers guidance and will help you understand what options you have. The Pension Wise website is www.pensionwise.gov.uk alternatively you can call 0800 280 8880.

This booklet is based on our understanding of current legislation and HM Revenue & Customs (HMRC) practice and every care has been taken to ensure it is correct. It is issued by D A Phillips & Co Ltd for use by our SSAS clients and no responsibility to any third party is accepted if the information in this booklet is used for any other purpose. The legislation and HMRC practice may change in the future.

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This is an important document. You should keep it safe for future reference.

MEMBER BENEFITS: THE BASICS

Important: How do you make sure you are making an informed decision?

One of the advantages of a SSAS is that it gives you a great deal of flexibility over the timing, nature, size and frequency of the benefit payments that you take from it. However, all of these options mean that taking your benefits is a complex process. It can lead to irreversible decisions. Taking large benefit payments from your SSAS may not be tax efficient or sustainable, especially if you are reliant on your pension to support you for the rest of your life. It is therefore essential that you have all of the information necessary to make an informed decision on what is best for you.

This booklet gives you information about the options available, but it is information of a general nature and is not specific to your needs or circumstances. D A Phillips & Co Ltd is not a financial adviser and we are not authorised by the Financial Conduct Authority (FCA) to give you financial advice in connection with taking your benefits. We do, however, have an obligation to make sure that you have been given every opportunity to get the information that you need to choose the most suitable option to meet your current and future requirements and that you are aware of the potential risks and tax implications.

There are two places that you can go to get help. These are:

- **FCA Regulated Financial Adviser** - If you have a financial adviser then please discuss your options with them, so that they can give you advice before you make any decisions. If you do not have a financial adviser please refer to the FCA's website for more information about finding one. Their website can be found at: www.fca.org.uk/consumers/financial-services-products/investments/financial-advice/finding-an-adviser
- **Pension Wise** –This is a service set up by the government for the public which provides free impartial guidance on benefit options. This service can be accessed:
    - online at www.pensionwise.gov.uk,
    - over the phone on 0800 280 8880 with the Pensions Advisory Service, and
    - face-to-face at certain locations of the Citizens Advice Bureau.

When you want to take your benefits, you will need to complete our Member Benefits Form. The form asks you to provide details of which (if any) of the above two options you have used.

If you have received advice from a financial adviser then they will also need to sign the Member Benefits Form to confirm that they have advised you in this matter. On receipt of your completed and signed form we will then be able to proceed with processing your benefits.

If you have not used a financial adviser, then we are required to ask you some additional questions and provide you with some additional information about the possible risks associated with the benefit option that you have selected. The purpose of this is to make sure that you have taken into account all of the factors necessary to make an informed decision. We will not be able to proceed with processing your benefits until you have answered those questions and been provided with the risk warnings. The additional steps and questions are included in the Member Benefits form. Once you have that information you can then decide if you wish to continue as originally instructed, or if you would like to do something different.

When can you take benefits?

You can normally take benefits at any time from age 55. It is not necessary to stop working or 'retire' when you take your benefits. The act of taking your benefits is referred to as 'crystallisation' in the Legislation.

In what circumstances can you take your benefits before age 55?

If you become permanently incapacitated and cannot carry on your normal occupation (or one of a similar nature), then you will be able to crystallise your benefits earlier. You may also be able to take your benefits before age 55 if your SSAS is made up of funds transferred from a pension scheme with a lower pension age provided that the transfer to your SSAS complied with certain HMRC requirements.

Is there a limit on your benefits?

There is no limit on the benefits that may be provided under your SSAS. However, when you take your benefits from your SSAS, the total value of all of your pension funds will be tested against the lifetime allowance, currently £1,030,000. If the total value of all of your pension schemes exceeds the lifetime allowance then there may be a tax charge on the excess. If you have applied for enhanced, primary, fixed or individual protection then any funds exceeding the lifetime allowance when you crystallise may be protected from some or all of the tax charge.

What benefits are available to you?

When you take benefits from your SSAS, you have the following options:

1. **A lump sum from part of the fund that you have crystallised and an income from the rest.**

- **The lump sum** under this option is called a pension commencement lump sum (PCLS). It is currently tax free and is commonly referred to as tax free cash (TFC). It is usually limited to the lower of 25% of the value of the fund that you have crystallised and 25% of your unused Lifetime Allowance. You may be able to receive a higher amount if you have registered for protection of your tax free lump sum rights. If this is the case then please give details on our Member Benefits Form and also provide us with a copy of the certificate.
- **The income** is taxed as earned income. You have different options for how you want to take your income:
  - **Annuity** You can use your fund to purchase an annuity. If you select this option then your pension fund is passed to an insurance company who guarantees to pay your pension for the rest of your life.
  - **Drawdown** - alternatively, you can draw an income directly from your fund through income drawdown. If you select this option then you can continue to invest your pension fund beyond your retirement. There are two forms of income drawdown.
    - **Flexi Access Drawdown (FAD)** – You can draw any level of income from your fund however taking income under FAD will trigger the money purchase annual allowance rules which reduces the amount that can be paid into your SSAS from £40,000 to £4,000 per annum for money purchase savings.
    - **Capped Drawdown** – You can draw any level of pension up to a maximum amount each year. However capped drawdown is only available to members who already had funds in this SSAS in capped drawdown prior to the 6th April 2015.

2. **A lump sum payment of the whole of the fund that you have crystallised.**

   This is called an **Uncrystallised Funds Pension Lump Sum (UFPLS)**. With an UFPLS, 25% of the payment is tax free (like the PCLS in option 1 above) and the remaining 75% is taxed as earned income. Both elements of an UFPLS must be paid at the same time and so if you choose this option payment will be made on the last working day of the month in which we have all the documents and funds required to be able to proceed. Please note that cleared funds must be in your account by the 20th of the month for payment to be made on the last working day of the month.

Can you still pay contributions after you have taken benefits from your SSAS?

Yes, contributions can still be paid to your SSAS after you have taken benefits, but the amount that can be paid in and receive tax relief will depend on what benefit option you have selected.

- **Standard Annual Allowance -** This is the total amount that can be contributed to a pension scheme each year and will qualify for tax relief. The standard annual allowance is currently £40,000 and you can also carry forward any unused relief. More details on contributions and the limits can be found in your SSAS Key Features. If you take your benefits in the form of a lifetime annuity that cannot decrease in amount or capped drawdown then the standard annual allowance will continue to apply.
- **Money Purchase Annual Allowance (MPAA)** – Flexibly accessing your pension savings will trigger the MPAA rules which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase schemes. Money purchase schemes are ones which do not guarantee a level of pension in retirement. Your SSAS is an occupational money purchase scheme. Special rules apply to 'final salary' schemes. The MPAA rules will apply from the day after the trigger event occurred. The MPAA rules also prohibit the ability to carry forward any unused annual allowance.

  The following actions will trigger the MPAA rules as you will have flexibly accessed your pension savings; taking an income under Flexi Access Drawdown (FAD); taking an Uncrystallised Funds Pension Lump Sum (UFPLS); taking a stand alone lump sum with Primary Protection; taking income under a flexible annuity.

  If you flexibly access your pension savings we will issue you with a Flexible Access Notification which will explain the reason for the notification being issued along with confirmation of any actions you will need to take.
- **Tapered Annual Allowance** – If you have adjusted income of over £150,000 and your threshold income is more than £110,000 your annual allowance will be reduced by £1 for every £2 by which your adjusted income exceeds £150,000, subject to a maximum reduction of £30,000.

Please refer to our Tapered Annual Allowance Information Sheet for a detailed explanation and examples.

Please also note that you are not permitted to use any of your tax free lump sum payments to fund a large increase in your pension contributions. This is known as 'recycling' and could result in substantial tax charges.

ANNUITY

What is an Annuity?

An annuity is an insurance company product which is used to pay your pension for the rest of your life. It is purchased using a lump sum from your scheme. You can use your whole crystallised fund to purchase an annuity which will pay your entire pension or you can use just part of it. You can add different options and get different types of annuity depending on your needs and circumstances.

How is your pension calculated?

The level of income an annuity pays is set by the insurance company and will depend on, among other things:

- The size of your pension fund (after taking your PCLS); the larger your fund, the higher your income will be.
- Your age – the older you are the higher your income will be. This is because, on average, an older person has fewer years left to live than a younger person.
- Your health or lifestyle – some annuities pay you a higher-than-normal income if your health or lifestyle threatens to reduce your lifespan (impaired life annuity).
- The benefits you choose, for example
    - whether the annuity is just for you (single life), or will continue to your spouse or partner on your death (joint life)
    - whether the annuity is level or escalating (eg at 3% per annum or in line with inflation), or
    - if it is guaranteed to pay out for a minimum number of years, even if you die during that time (guaranteed).
- Long term gilt yields.

Annuity rates vary from one insurance company to another, so you should make sure you shop around to get the best deal. Your financial adviser can help you with this.

How do you set up an annuity?

If you purchase an annuity to pay your whole pension, then we will sell all of the investments held within your scheme. We will transfer the total cash value of your scheme to your chosen insurance company. At this point we will cease to have any involvement in your pension.

What are your commitments?

You will need to shop around with your financial adviser to find a suitable annuity. In particular, you should consider whether you wish to provide a pension to your spouse/partner after your death; whether you may qualify for an enhanced annuity; and whether you want your annuity to increase over time.

What are the advantages?

The income from an annuity is guaranteed for life, which means that it cannot go down. If you have selected an escalating annuity then the increases are also guaranteed.

What are the risks?

The pension paid by an Annuity may be lower than the initial income available from capped or flexi access drawdown (however this may be offset by the security of knowing exactly how much money you will get for the term of the annuity). Once you have purchased a lifetime annuity, you cannot change your mind if your circumstances change in the future. You cannot transfer your annuity from one insurance company to another once it has been purchased. You may not benefit from future growth in your fund once you have bought the annuity. The benefits available to your family may also be more limited than the benefits available if you were drawing your pension under capped drawdown (see Death Benefits section). The rates used to set annuities change continuously, which means that the timing of your annuity purchase can be very significant.

FLEXI ACCESS DRAWDOWN

What is Flexi Access Drawdown (FAD)?

FAD is similar to capped drawdown in that it allows you to continue to invest your Plan while drawing an income from it. However, unlike capped drawdown there is no maximum annual amount, which means that you can draw out your whole fund if you would like (subject to income tax). However, it may not be tax efficient or sustainable to do so. The minimum annual amount is nil, meaning that you do not have to draw any pension if you do not wish to.

Taking an income under FAD will trigger the Money Purchase Annual Allowance rules which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

How frequently is your pension reviewed?

Your pension will not be reviewed. You will be able to draw any level of income up to and including the whole value of your fund.

However at age 75 we will test your fund against the lifetime allowance as required by HMRC.

How can Flexi Access Drawdown be paid from your fund?

We operate a payroll system which pays pensions under PAYE on the last day of each month. You should tell us by the 20th of the month if you would like us to commence or change your pension payments. You can elect to receive your pension monthly, quarterly, half yearly and annually; or you could elect to receive pension payments on an ad hoc basis as and when needed. You can change the level and timing of your pension payments at any time (subject to the constraints of our payroll system).

If we do not have a tax coding notice for you then your pension will be taxed using a temporary rate called an emergency rate until HMRC issue you and us with a tax code. Our Pension Payments Guide gives further information on what to do to ensure that the correct tax code is applied as well as what happens if you underpay or overpay tax.

What are your commitments?

You will need to choose an initial level of income which is appropriate for you. You will also need to work with your adviser to determine and keep under review your investment strategy for the fund. You should regularly review your income level and whether to purchase an annuity. You should ensure that there is sufficient cash in your SSAS bank account to make your pension payments when they become due. Finally, you must advise us of any changes to your personal circumstances that might affect your Plan or your ability to receive benefits.

What are the advantages?

Flexi Access Drawdown allows you to draw an income directly from your fund without any limits. This means you keep control over the investment of your pension scheme as well as the timing and level of income taken from your fund. If your fund performs well then there is the possibility of an increased pension (or ultimately a higher annuity) in the future.

What are the risks?

Flexi Access Drawdown is not suitable for everybody and it is important that you take professional advice and/or guidance if you are thinking of taking this option.

It involves extra investment risk compared with buying a lifetime annuity straight away. The investments remaining within your pension may fall as well as rise and this could decrease lump sums and/or income that you can take in the future.

If you take large payments from your fund or you take the whole of your fund then you may not have sufficient funds available to support you in the future. Drawing larger sums from your fund could also result in you paying more tax than you otherwise would do.

By taking your benefits through Flexi Access Drawdown your annual allowance will reduce and you will not be able to re-instate it to a higher amount later.

CAPPED DRAWDOWN

What is Capped Drawdown?

Like FAD, Capped drawdown allows you to continue to invest your Plan while drawing an income from it, but unlike FAD it is limited to a maximum annual amount set by HMRC. The minimum is nil, meaning that you do not have to draw any pension if you do not wish to. You can take any level of pension up to the maximum amount each year and can change the level you receive at any time.

Capped drawdown is not an option for members who crystallise their benefits for the first time after 6th April 2015. Members who had designated funds to capped drawdown prior to 6th April 2015 can continue with this option as long as they have not triggered the money purchase annual allowance rules. Taking more income than the current annual maximum calculated for your capped drawdown fund will result in the fund being automatically converted to a flexi access drawdown fund (FAD) and would trigger the money purchase annual allowance rules.

How is your pension calculated?

The maximum pension that you can take is 150% of the relevant Government Actuary Department (GAD) rate. This rate is determined by your age and returns from Government securities. We will apply this rate to the value of your crystallised fund at the time it is first used to provide pension drawdown and at each review. You can then take any level from zero up to the maximum amount each year.

How frequently is your pension reviewed?

We will review your maximum pension every three years until you reach age 75, and annually from then on. The annual review will be on the anniversary of your scheme year after you reach age 75. Your maximum pension may go up or down at these reviews. When we review your pension we will use the value of your fund at the time of the review and apply the appropriate GAD Rate based on your age at the review date. You can ask us to review your pension at the end of any pension year (ie an anniversary of the date your fund was put into capped drawdown), and you may decide to do this if you believe that there is scope for your pension to increase due to a growth in fund value. You can also purchase an annuity at any time using all or part of your fund.

How can Capped Drawdown be paid from your fund?

We operate a payroll system which pays pensions under PAYE on the last day of each month. You should tell us by the 20th of the month if you would like us to commence or change your pension payments. You can elect to receive your pension monthly, quarterly, half yearly and annually; or you could elect to receive pension payments on an ad hoc basis as and when needed. You can change the level and timing of your pension payments at any time (subject to your maximum pension and the constraints of our payroll system).

If we do not have a tax coding notice for you then your pension will be taxed using a temporary rate called an emergency rate until HMRC issue you and us with a tax code. Our Pension Payments Guide gives further information on what to do to ensure that the correct tax code is applied as well as that happens if you underpay or overpay tax.

What are your commitments?

You will need to choose an initial level of income which is appropriate for you (and which is within HMRC limits). You will also need to work with your adviser to determine and keep under review your investment strategy for the fund. You should regularly review your income level and whether to purchase an annuity. You should ensure that there is sufficient cash in your SSAS bank account to make your pension payments when they become due. Finally, you must advise us of any changes to your personal circumstances that might affect your Plan or your ability to receive benefits.

What are the advantages?

Capped Drawdown allows you to draw an income directly from your fund. This means you keep control over the investment of your pension scheme as well as the timing and level of income taken from your fund. If your fund performs well then there is the possibility of an increased pension (or ultimately a higher annuity) in the future.

What are the risks?

Capped Drawdown is not suitable for everybody and it is important that you take professional advice and/or guidance if you are thinking of taking this option. It involves extra investment risk compared with buying a lifetime annuity straight away. Your pension may go down when it is reviewed in the future, because the value of your fund may go down (or not grow sufficiently) and / or the Gilt Index Yield may go down. Also, the annuity that you can buy in the future may be lower than the annuity you could have purchased at the outset. This is because the value of your fund may go down (or may not have grown sufficiently) and / or annuity rates may get worse.

UNCRYSTALLISED FUNDS PENSION LUMP SUM

What is an Uncrystallised Funds Pension Lump Sum (UFPLS)?

An UFPLS is an alternative way of accessing your pension benefits and can only be taken from funds not already in drawdown. It allows you to take a one off payment or series of payments whilst keeping the remainder of your pension uncrystallised.

You can normally take an UFPLS at any time from age 55 (or earlier if you meet the ill health conditions) and like drawdown it is not necessary to stop working or 'retire' when you take your benefits.

When you take an UFPLS payment, 25% of the payment will be tax free and 75% of the payment will be taxed as pension income at your marginal rate of income tax.

If you have primary protection and/or enhanced protection with protection of lump sum rights of more than £375,000 or you have a lifetime allowance enhancement factor you cannot be paid an UFPLS.

It is possible to receive an UFPLS payment and to elect for part or your entire remaining fund to be in drawdown.

Payment of an UFPLS is a benefit crystallisation event and we will be required to test the value of your pension fund against the lifetime allowance, currently £1,030,000. There may be tax consequences where the total of all payments and previous crystallisations exceed the lifetime allowance.

Taking an UFPLS payment will trigger the Money Purchase Annual Allowance rules which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

How is your pension calculated?

There is no maximum or minimum pension calculated under UFPLS as the fund that is crystallised is paid out in its entirety.

How is an UFPLS paid?

Both elements of an UFPLS must be paid at the same time. Payment will be made on the last working day of the month in which we have all the documents and funds required to be able to proceed. Please note that cleared funds must be in your account by the 20th of the month for payment to be made on the last working day of the month. Both elements will be paid through our payroll system and the 75% of the payment that is taxed as pension income will have the tax deducted before we pay you the net amount. We will account for the PAYE due to HMRC.

If we do not have a tax coding notice for you then your pension will be taxed using a temporary rate called an emergency rate until HMRC issue you and us with a tax code. Our Pension Payments Guide gives further information on what to do to ensure that the correct tax code is applied as well as what happens if you underpay or overpay tax.

What are your commitments?

You will need to decide how much of your fund you want to take an UFPLS from. You will also need to work with your adviser to determine and keep under review your investment strategy for the remaining uncrystallised fund. You should regularly review your income requirements and whether to purchase an annuity with any remaining funds in your SSAS. You should ensure that there is sufficient cash in your SSAS bank account to make your UFPLS payment(s). Finally, you must advise us of any changes to your personal circumstances that might affect your Plan or your ability to receive benefits.

What are the advantages?

UFPLS allows you to draw payments directly from your fund as and when needed whilst keeping the remainder of your pension uncrystallised.

What are the risks?

UFPLS is not suitable for everyone and it is important that you take professional advice and/or guidance if you are thinking of taking this option especially with regards to your future income needs and tax implications.

It involves extra investment risk compared with buying a lifetime annuity straight away. The investments remaining within your pension may fall as well as rise and this could decrease lump sums and/or income that you can take in the future.

If you take large payments from your fund or you take the whole of your fund then you may not have sufficient funds available to support you in the future. Drawing larger sums from your fund could also result in you paying more tax than you otherwise would do.

By taking your benefits through UFPLS your annual allowance will reduce and you will not be able to re-instate it to a higher amount later.

PHASED DRAWDOWN

Do you have to take benefits from your whole fund in one go?

No, you do not have to take benefits (crystallise) from your whole fund. Instead, you can take benefits from part of your fund leaving the rest uncrystallised. This means that instead of taking your benefits in one go, you could take your benefits in stages by crystallising portions of your fund as and when you need to.

How does phased drawdown work?

Each portion of your fund that you take benefits from will pay you a pension commencement lump sum and pension. You can therefore crystallise an amount of your fund that would provide you with the lump sum and/or pension that you need.

You can use annuity purchase, flexi access drawdown or capped drawdown (if you are eligible) to pay your pension under phased drawdown.

How are your crystallised and uncrystallised funds valued?

When you take benefits from part of your fund, it is split into two pots. Our system calculates the value of these pots and expresses it as a percentage of the total value of your fund. The size of the crystallised and uncrystallised funds will be determined by the following events:

- Benefits are paid out of your crystallised fund (in the form of PCLS and pension), which would reduce the value of that fund relative to your uncrystallised fund.
- Funds are paid into your uncrystallised fund (in the form of uncrystallised transfers in or contributions), which would increase the value of that fund relative to your crystallised fund.
- You take benefits from more of your scheme (at which point funds are moved from your uncrystallised fund to your crystallised fund).

FURTHER CONSIDERATIONS

How is the remaining fund invested?

Whether you choose drawdown or UFPLS you will have the same choice of investments within your Plan. Unless we are instructed otherwise your residual fund will stay invested in your remaining investments following your benefit withdrawal. Different investments have different risks and so it is important that they are suitable for you.

Sustainability of income over time

You should think about how much you take out every year and how long your money needs to last. You can sell investments to create available funds for withdrawals. This will cause the value of your Plan to fall over time if your withdrawals exceed the amount by which your Plan grows. If you decide to encash your entire Plan you must first consider what other retirement provision you have in place. A financial adviser can help you to create an investment strategy for your Plan. They can advise you on the suitable investment risk and how much you can take out to budget for your future needs.

The need to review, make further decisions about, or take further actions during the life of the Plan

Your circumstances, whether it be financial or health, are likely to change throughout your retirement and therefore you may need more or less money in certain years ahead. It's important to regularly review your Plan to continue to make sure it meets your needs. The investments remaining within your Plan may fall as well as rise and this could decrease lump sums and/or income that you can take in the future. Certain investments may be difficult to value and/or sell when access is required, leading to potential costs and/or delays in payment of benefits.

What is the impact on means-tested benefits?

Increasingly state benefits are becoming means-tested. Often means-testing is based on a person's individual wealth and/or income rather than necessarily what funds are held in their pension pot. By accessing pensions savings through drawdown or lump sums could increase a person's wealth and/or income that could impact on any means-tested benefits received. This could even apply where the pensions savings accessed are passed on to others. You should consider the impact on any means-tested benefits as a result of accessing your pensions savings via drawdown or lump-sums. It is important that this is taken into account when deciding whether to access your pensions savings as there is a risk that any means-tested benefits may be adversely affected. If you are unsure how this might affect you we recommend that you speak to a financial adviser.

Tax implications

As mentioned earlier, when you come to take benefits you can withdraw up to 25% tax free from your Plan. You pay Income Tax on the other 75%. Money you take from your Plan comes with the tax already deducted. We may also take off any tax due on your State Pension depending on your other income. In addition to this you could also pay Income Tax on other income such as earnings from employment or self-employment, money from rental income, savings, investments and any taxable state benefits you might get. You may pay emergency tax when you take money from your Plan but you can claim this back from HM Revenue and Customs. Please refer to our **Pensions Payment Guide** on our website for further information.

You should shop around for a retirement income product as, depending on the choices you make, you may get a more suitable product elsewhere. A financial adviser will be able to advise you on all of the options and products available to you and identify which ones best suit your needs. Pension Wise is a free and impartial service set up by the government which offers guidance and will help you understand what options you have. The Pension Wise website is www.pensionwise.gov.uk alternatively you can call 0800 280 8880.

DEATH BENEFITS

What benefits are available from my SSAS?

The full value of your Plan will be used to provide lump sum and/or pension benefits to your spouse, civil partner and other beneficiaries. The Trustee of the SSAS has discretion to select who will receive the benefits, but will take account of any beneficiaries nominated by you in the Expression of Wish section of your SSAS Application Form or subsequently. You can complete a new Expression of Wish at any time.

Your beneficiaries can take their benefits as a lump sum. If you were under the age of 75 on death, then the lump sum death benefit will be tax free providing that payment is made within 2 years of your death, otherwise it will be taxed at the recipient's marginal rate. If you were over the age of 75 on death, then the lump sum is taxable at the recipient's marginal rate.

Your beneficiaries also have the right to take their benefits as a pension. Each beneficiary can take their pension through an annuity or flexi access drawdown. If you were under the age of 75 on death, pension payments to a beneficiary will be income tax free if designated within 2 years, otherwise they will be taxed at the recipient's marginal rate. If you were over 75 on death, then any pension payments will be taxed at the recipient's marginal rate.

What happens if I die after I have purchased a Lifetime Annuity?

If you had purchased a Lifetime Annuity then any payments to your spouse and/or dependants would depend on the terms of that Annuity. If you provided for a spouse/dependants pension then this would be paid to them for their life. If you die shortly after purchasing the Annuity then payments would continue for any guaranteed period specified at the time of purchase.

MISCELLANEOUS

Valuing your SSAS

In certain circumstances we must value your SSAS in order to determine the level of benefits that you can take. Listed shares must be valued on a 'mid market' basis and properties must be independently valued by a surveyor. Property valuations must be dated within 6 months of your crystallisation date and be a red book valuation. There may be costs attached with obtaining such valuations and these costs will be borne by your SSAS. In addition, some 'esoteric' investments like unlisted shares and certain unregulated funds can be difficult to value. In valuing them we will rely on the advice of professionals which may also incur a cost which will be borne by your SSAS.

If HMRC challenges any of the valuations then any resulting tax consequences will be borne by you personally and/or your SSAS.

If there are not sufficient funds in your SSAS to cover any of these costs then you will be responsible for paying them personally.

Liquidity

The ability of your fund to pay your desired benefits is dependent on there being sufficient liquidity. It is your responsibility with the help of your adviser to make sure that arrangements are in place to have sufficient cash available in your fund to meet your current and future needs. We will not be able to make your benefit payments unless there are sufficient cleared funds in your Plan bank account.

Can we provide advice about your pension options?

D A Phillips & Co Ltd cannot provide advice regarding any aspect of your benefit options nor about your SSAS in general. It is important that you take professional advice and/or guidance to help you with making your decision.

Tax free cash recycling

There are rules geared towards preventing pension scheme members from using their pension commencement lump sum to fund further contributions to their pension schemes. These rules are complex, and we can provide further information if needed, but please note that you should not use your lump sum for this purpose.

CONCLUSION

You have a great deal of flexibility over the timing, level and nature of the benefits that you take from your pension scheme and it is important that you select the option that is best for you. As we said at the beginning of this booklet, it is vital that you take professional advice and/or guidance to ensure you fully understand your options and their accompanying risks.

We hope that you found this booklet useful. We would appreciate any feedback on it and on any other aspect of our service that you feel could be improved.

If you have any further questions then please do not hesitate to contact us.