RETIREMENT OPTIONS: TAKING YOUR PENSION

You do not need to stop working to start taking your pension benefits. You can start taking money from your pension from age 55 or ten years below your state pension age, which for those from 2028 will be 67, meaning the age for private pensions will be 57.

The following options are available:

1. Taking the lump sum:
- You can take 25% of the value of your benefits (or 25% of the LTA if this is lower).
- So, if your pension pot is £30,000, you could take a maximum £7,500 tax-free.

And then choose either:

2. Buy a pension annuity (sometimes called a lifetime annuity)
- This converts your pension fund into an income for life.
- You do not have to buy your annuity from your pension provider.

3. Take Flexi-Drawdown
- This is where an income is paid direct from the fund subject to income tax at your marginal tax rate.

Alternatively:

4. Choose UFPLS (Uncrystallised Funds Pension Lump Sum):
- Have full access to the fund so you can take as many lump sums as you wish but each lump sum is made up of 25% tax-free cash with the remaining 75% liable to income tax at your marginal rate.