

# How much pension money can you take?



Up to  
**25%**  
tax  
free  
cash



# Pension release explained

Early pension release allows you to access your savings before you retire or before the full term of the pension is up.

You can take up to 25% of your pension's value, completely tax free, as a cash lump sum to spend however you like. It doesn't matter if you have a private or company pension as long as you're not already drawing an income from it. You just need to be over 55 due to the regulations in place.

Please note that releasing pension money early isn't right for everyone as it will leave you worse off in retirement.

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## What types of pension can be released?

- ✓ Private pensions
- ✓ Company pensions
- ✓ Old company and personal pensions

**Not sure whether your pension is suitable?  
Call us and we can check.**

For more information please call:  
**0800 304 7288**

# Example: pension release vs loan

There are many reasons why you may want to consider using pension release to access a tax free lump sum from your pension fund and for some people this is one of the most sensible financial planning decisions you can make.

The example shown is illustrative only and shows a typical case where pension release is used to pay off an outstanding loan. The example also shows how you can regrow your pension whilst benefiting from the generous tax relief available from the government.

## Let's say:

You owe £7,000 to a loan company, and are currently paying £170 per month with 5 years remaining at 17% interest. You have £28,000 in your pension.

What could you do with your **£170** per month?

## Pension release

### > What if you released tax-free cash from your pension to pay off the loan?

You release £7,000 tax free from your pension and pay the loan back in full now.

✓ Your loan has been paid back immediately.

### > Optional - Reinvest in your pension

Now your loan is paid off you are free to do what you like with your £170 per month. If you decide to reinvest it to regrow your pension then the government automatically adds the £42.50 it took as tax relief so the full £212.50 you earned ends up in your pension.

### > After 5 years:

- ✓ You haven't had to worry about your loan as it was paid off 5 years ago.
- ✓ You had the flexibility to stop your monthly pension reinvestment payments at any time.
- ✓ The government have given you £2,550 in tax relief.
- ✓ And your monthly investments have regrown your pension to £36,506.

**Tax treatment depends on your circumstances and is subject to change. People paying above basic rate tax will need to claim some relief from HMRC. Please note that you cannot simply contribute the tax free-cash you have taken straight back into your pension to get additional tax relief. The forecasts shown are not a reliable indicator of future performance. Capital is at risk.**

\* You can release up to 25% of your pension tax free, so in this example your private pension would need to be worth at least £28,000. The comparison assumes your current pension performs at the same level as any new pension we advised you to transfer to, if that was our advice. This example does not take into account National Insurance.

## Monthly loan repayments

### > What if you keep paying back the loan each month?

You pay £170 per month to the loan company and after 5 years of making repayments the loan is paid in full.

### > 5 years of paying interest at 17%

As a basic rate taxpayer, you had to earn £212.50 each month to pay the £170. The government has taken the £42.50 difference as income tax. In total you have had to earn £12,750 in order to pay for your £7,000 loan, and the loan debt has hung over you the entire time.

### > After 5 years:

- ✓ Your loan has just been paid back.
- ! Total paid back is £10,200 and you had to earn £12,750 to do it.
- ! You have paid £3,200 in interest, as well as £2,550 to the government in tax.

If your pension grew at 3.5% net during this period it would now be worth £33,545.

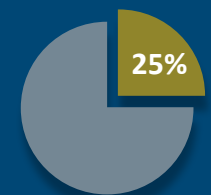
## Interesting isn't it?

Your circumstances may be very different to this, though. What if your main driver for taking tax free cash is emotional or stress related rather than financial planning?

This is why taking professional advice is so important before making a decision.

We will help you to understand the likely impact of taking tax free cash on your current and future finances. When making our recommendation we must balance any financial impact with the importance of your wishes and the impact on your wider circumstances.

If we believe it makes sense for you then we will recommend the best place for your remaining pension money to be invested so it can grow for your future. If we don't believe it makes sense then we will tell you. It is very much a personal recommendation and everyone is different.



**Information about the comparison:**  
The example to the left assumes that Pension Access's standard charges have been applied and that the gross return on your pension fund was 5% with total annual charges of 1.32%, of which 1% would be our annual review fee. For more information on our charges please check our website, where they are explained in detail.

# What our customers say

Our clients trust us to look after more than £½ billion of their pension savings. Here is what they say about us:

“I received very good advice. It’s very refreshing to get good, honest advice without having to pay a fee upfront.”

Caroline, Ipswich

“I needed to release some funds from my pension for some home improvements. They sorted the whole process quickly and professionally. Excellent service.”

Jeremy, Walsall

“You did exactly what you promised. I’m over the moon! Thank you so much for sorting out my pension.”

Mark, Tipton

“The service was spot on and they helped me to unlock my pension in a time of need.”

Mark, Kent



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