



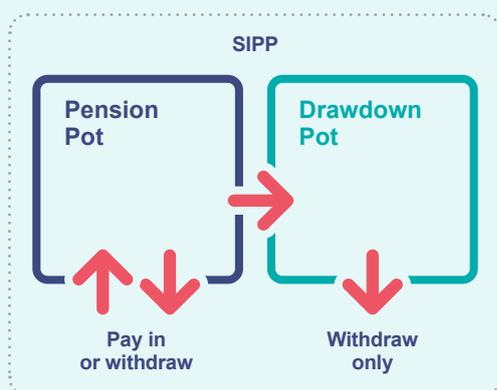
How your SIPP works

The money in your SIPP can be held in separate parts (or pots). Each pot has different rules so this guide is here to explain your options with each pot.

All SIPPs have a pension pot and a drawdown pot available.

You can pay money into your pension pot until your 75th birthday, and you can also take money out of either your pension or your drawdown pot(s).

Both the Pension Pot and the Drawdown Pot can accept transfers from other pension schemes.



Which pots do I have?

We confirm which pots you have money in every year in your annual statement.

The flexibility of being able to use different sets of rules depending on the pots you have means you can...

 **Save towards your retirement by paying or transferring money in**

and

 **Make flexible withdrawals as and when it suits you**

Drawdown types

All customers have access to a type of drawdown called flexi-access drawdown. If you have already converted money to drawdown (before 6 April 2015), you may also have access to an older set of drawdown rules called 'capped drawdown'.

If you already have a capped drawdown pot you can continue to use this, but it's important you understand the differences between capped and flexi-access drawdown before you choose:

	Capped drawdown	Flexi-access drawdown
Withdrawals	Limited by a cap set by the government	No limit– so you'll need to regularly review your arrangements to make sure you don't run out of money in retirement.
Effect on contributions	None	The first withdrawal from flexi-access drawdown will reduce the amount that can be paid into all money purchase pensions to £4,000 each year.

You can't set up a new capped drawdown pot, or transfer money from elsewhere into an existing one. If you transfer in a capped drawdown pot from elsewhere it will be converted to flexi-access drawdown in your SIPP.



This booklet is only designed to give you an overview of how you can use your SIPP from age 55 onwards. You can find out more details about SIPPs at www.reassure.co.uk/pensions where you can also download the SIPP Member's Booklet.



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Your SIPP options

To explain your options for withdrawing money, let's assume you have a SIPP with £100,000 in the pension pot.



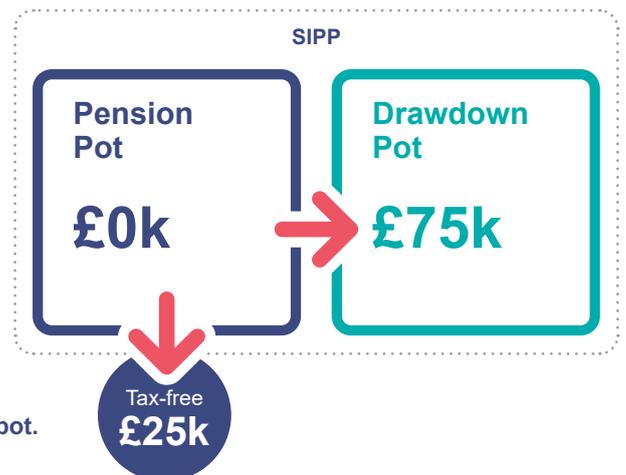
Making withdrawals from your Pension Pot

Personal pension rules allow you to take up to 25% of your pension pot as a tax-free lump sum. You can't leave the rest in your personal pension, so you have to decide what to do with whatever's left. The pension pot in your SIPP is no different.

Take your maximum tax-free lump sum

- This option gives you a tax-free lump sum of 25% of the value of your pension pot. We'll automatically move the remaining 75% into your drawdown pot. Any money taken out of the drawdown pot is always fully taxable as earned income.
- You won't have any more tax-free entitlement, unless you pay or transfer more money into your pension pot.

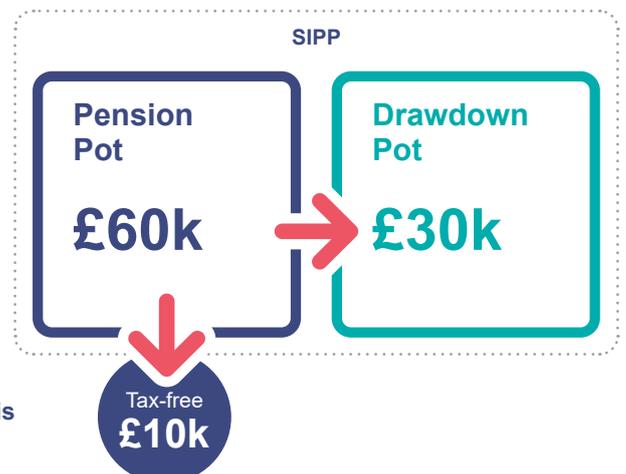
In this example the customer has taken their entire £25k tax-free entitlement in one go, so we've moved £75k into their drawdown pot.



Take a smaller tax-free lump sum

- You don't have to take your whole tax-free entitlement in one lump sum if you don't need it. You can make one-off tax-free withdrawals from your pension pot whenever it suits you.
- When you make a tax-free withdrawal we'll automatically transfer 3x the amount you take into your drawdown pot. Any money taken out of the drawdown pot is always fully taxable.

In this example, the customer has taken £10k tax-free from their pension pot, so £30k has transferred into their drawdown pot. This leaves them with £60k in their pension pot, 25% of which can be taken tax-free when they need it.





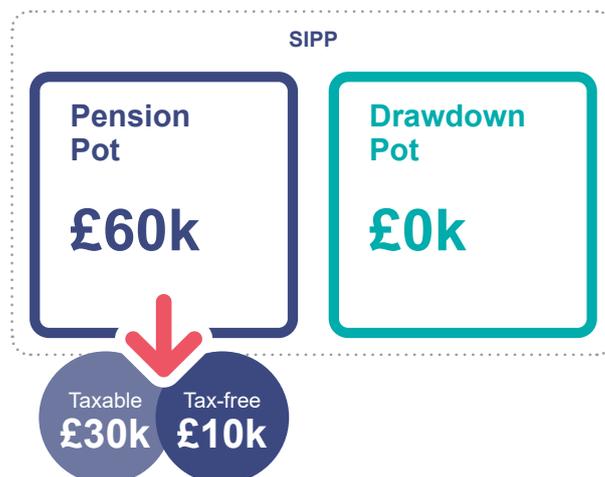
Your SIPP options (cont.)

Make a partially taxable withdrawal

(This is called an uncrystallised funds pension lump sum in your member's booklet)

- You can make one-off withdrawals from your pension pot that are partially taxable. The first 25% of the withdrawal will be tax-free, with the remaining 75% taxed as earned income.

In this example the customer has taken £40k from their pension pot. They have no tax to pay on £10k of the withdrawal, but pay tax on £30k.



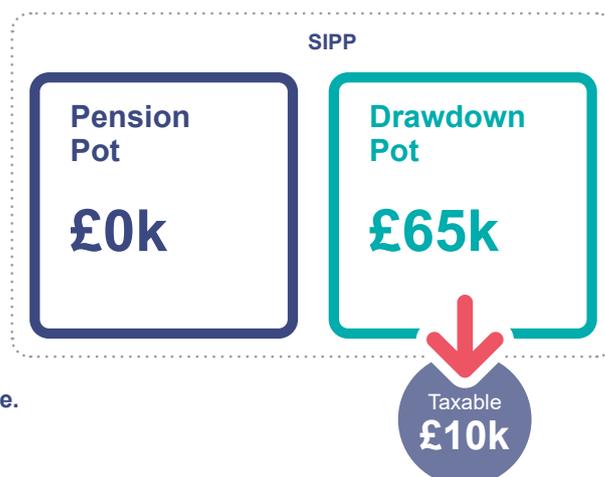
Making withdrawals from your Drawdown Pot

Tax-free withdrawals can only be made from the pension pot, meaning that any money taken out of the drawdown pot is always fully taxable. This is because tax-free cash has already been paid before the money is moved to the drawdown pot.

Make a fully taxable withdrawal

- You can make regular or one-off withdrawals from your drawdown pot that will always be fully taxable as earned income (for most people this will be the same way as their salary). This is because you've already taken your tax-free entitlement before your money's been transferred into the drawdown pot.

In this example the customer has already taken their tax-free lump sum of £25k from their pension pot, leaving £75k in their drawdown pot. They make a withdrawal of £10k, which is fully taxable.



If you make withdrawals, your fund will reduce and you could run out of money (even taking withdrawals under the capped drawdown rules doesn't guarantee that your fund won't run out, although it is less likely). You need to make sure you understand the effect withdrawals will have on your pension pot, and review your policy regularly, considering what you need to do to support yourself through retirement.

Our Retirement Planning Toolkit at www.reassure.co.uk/retirement can help you review your SIPP.

ReAssure is not authorised to provide advice or make personal recommendations. We can only provide you with factual information. If you're unsure of the implications of making withdrawals you should get professional advice from a Financial Adviser. If you don't have an Adviser you can find one in your area at www.moneyhelper.org.uk/choosing-a-financial-adviser. If you want guidance on your wider retirement options you can use the government's free, impartial service, Pension Wise at moneyhelper.org.uk/pensionwise. You can book a face to face appointment on their website, by calling them direct on 0800 138 3944 or we can help book an appointment for you.



Your SIPP: At a glance

Paying in	Which Pot	Regular / One-off	Minimum Amounts
Pay money in	Pension pot	Both	£500 one off £100 yearly £50 half yearly £25 quarterly £10 monthly
Transfers			
Transfer money in from another policy	Pension pot (for personal pension benefits)	One-off	None
Transfer money in from another policy	Drawdown pot (for existing drawdown benefits)	One-off	None
Making withdrawals			
Make a tax-free withdrawal	Pension pot	One-off	£1,000
Make a partially taxable withdrawal	Pension pot	One-off	£1,000
Make a fully taxable withdrawal	Drawdown pot	Both	£1,000 one off / yearly £500 half yearly £250 quarterly £100 monthly



ReAssure Ltd, Registered Office: Windsor House, Telford Centre, Telford, Shropshire, TF3 4NB Registered in England No. 754167

Tel: 0800 073 1777 customers@reassure.co.uk www.reassure.co.uk

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