



ReAssure

How the Retirement Account works

The Retirement Account is made up of two pots - the Pension Pot and the Drawdown Pot.

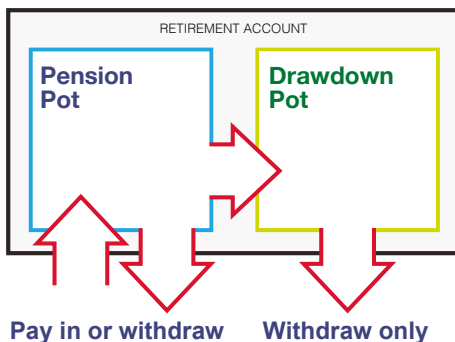
Why two pots?

Broadly speaking, there are two sets of rules that allow pensions flexibility; one relating to money in the Pension Pot, and one to money in the Drawdown Pot.

By splitting the Retirement Account into two pots, it gives you access to the options available under both sets of rules.

This means you can...

- Save towards your retirement by paying money in
- OR
- Make flexible withdrawals as and when it suits you



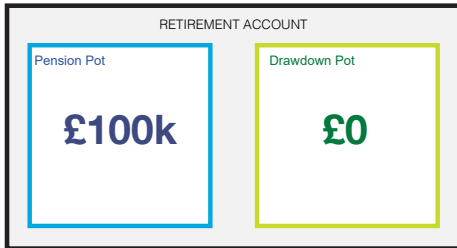
The Retirement Account only allows you to set up either a regular contribution or a regular withdrawal at any one time.

However, it is still possible to make one-off contributions / withdrawals no matter what regular activity you have in place.

This booklet is only designed to give you an overview of how you can use the Retirement Account whether you're paying money in, or making withdrawals.

You can find out more about the Retirement Account at: www.reassure.co.uk/retirement-account, where you can also download the Retirement Account Key Features.

Retirement Account: Your options

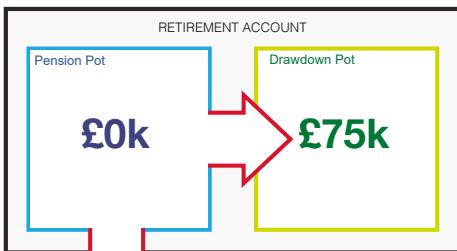


We've already said the only pot you can pay into is the Pension Pot but you can take money out of both pots.

To explain your options for withdrawing money, let's assume a customer takes out a new Retirement Account and transfers £100,000 into the Pension Pot from their existing ReAssure personal pension.

Making withdrawals from the Pension Pot

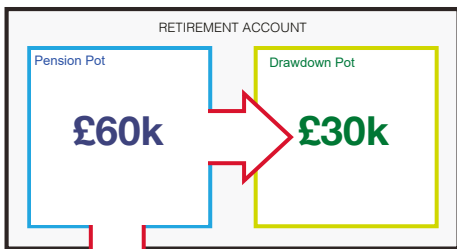
Personal pension rules allow you to take up to 25% of your pension pot as a tax-free lump sum. You can't leave the rest in your personal pension, so you have to decide what to do with whatever's left. The Pension Pot is no different.



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 your maximum tax-free lump sum

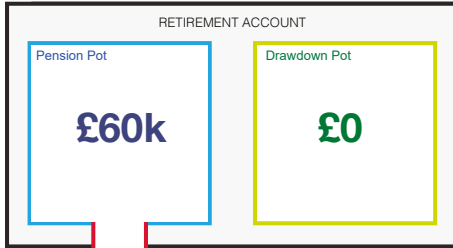
- This option gives you a tax-free lump sum of 25% of the value of your Pension Pot. We'll automatically move the remaining 75% into your Drawdown Pot. Any money taken out of the Drawdown Pot is always fully taxable.
- You won't have any more tax-free entitlement, unless you pay or transfer more money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



In this example, the customer has taken £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.

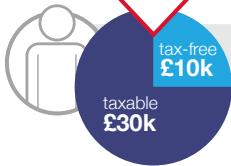
Take a smaller tax-free lump sum

- 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.



Make a partially taxable withdrawal

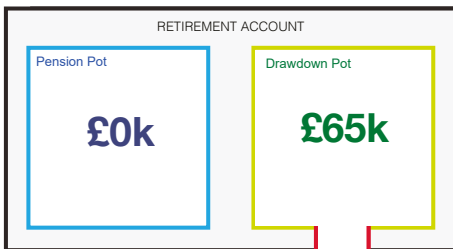
- You can make one-off withdrawals from your Pension Pot that are partially taxable. The first 25% of the withdrawal will be tax-free, with the remaining 75% subject to income tax at your marginal rate (for most people this will be the same way as their salary).



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 the 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. You might be able to take your maximum tax-free cash from your ReAssure pension and transfer the rest of your money into your Retirement Account 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 at your marginal rate (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 it could run out of money. You need to make sure you understand the impact withdrawals will have on your Retirement Account, 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 Retirement Account.

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.unbiased.co.uk. If you want guidance on your wider retirement options you can use the government's free, impartial service, Pension Wise from MoneyHelper at www.moneyhelper.org.uk.

Retirement Account: At a glance

Paying in	Which Pot	Regular / One-off
Pay money in	Pension Pot	Both

Transfers		
Transfer money in from another policy	Pension Pot <i>(Can only accept transfers from other Pension Pots)</i>	One-off
Transfer money in from another policy	Drawdown Pot <i>(Can only accept transfers from other Drawdown Pots)</i>	One-off

Making withdrawals		
Make a tax-free withdrawal	Pension Pot	One-off
Make a partially taxable withdrawal	Pension Pot	One-off
Make a fully taxable withdrawal	Drawdown Pot	Both

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