



ReAssure

# How the Retirement Account works

The Retirement Account is made up of two pots - the Flexible Pension Pot (FPP) and the Flexible Drawdown Pot (FDP).

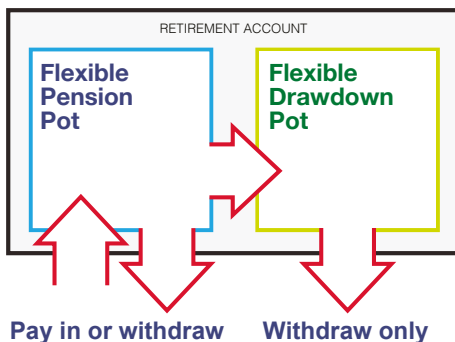
## Why two pots?

Broadly speaking, there are two sets of rules that allow pensions flexibility; one relating to personal pensions, and one to a new type of product called flexi-access drawdown.

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



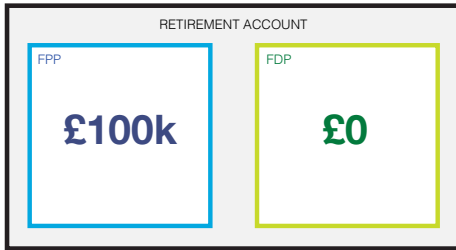
The Retirement Account only allows you to set up either a regular contribution or a regular withdrawal at any one time.

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](http://www.reassure.co.uk/retirement-account), where you can also download the Retirement Account Key Features.

# Retirement Account: Your options

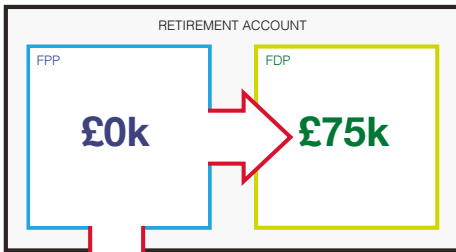


We've already said the only pot you can pay into is the FPP, but you can take money out of both pots.

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

## Making withdrawals from the Flexible 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 FPP is no different.

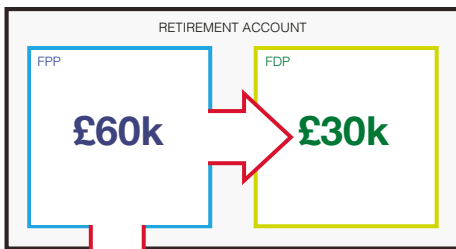


### Take your maximum tax-free lump sum

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



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

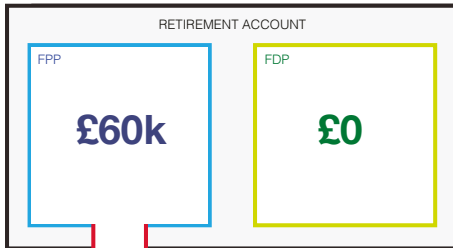


### Take a smaller tax-free lump sum

- 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 FPP whenever it suits you.
- When you make a tax-free withdrawal we'll automatically transfer 3x the amount you take into your FDP. Any money taken out of the FDP is always fully taxable.



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



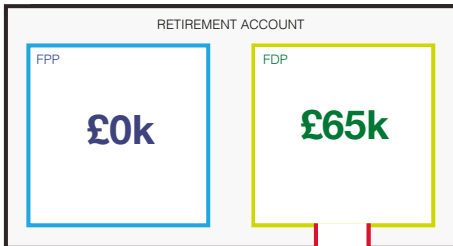
In this example the customer has taken £40k from their FPP. They have no tax to pay on £10k of the withdrawal, but pay tax on £30k.

## Make a partially taxable withdrawal

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

## Making withdrawals from the Flexible Drawdown Pot

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



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

## Make a fully taxable withdrawal

- You can make regular or one-off withdrawals from your FDP 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 FDP.

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 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](http://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](http://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](http://www.moneyhelper.org.uk).

# Retirement Account: At a glance

Paying in	Which Pot	Regular / One-off
Pay money in	<b>FPP</b>	Both

Transfers		
Transfer money in from another policy	<b>FPP</b> <i>(for personal pension benefits)</i>	One-off
Transfer money in from another policy	<b>FDP</b> <i>(for existing drawdown benefits)</i>	One-off

Making withdrawals		
Make a tax-free withdrawal	<b>FPP</b>	One-off
Make a partially taxable withdrawal	<b>FPP</b>	Both
Make a fully taxable withdrawal	<b>FDP</b>	Both

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

Tel:0800 197 5616 Fax:0845 300 1343 Email: [info@reassure.co.uk](mailto:info@reassure.co.uk) [www.reassure.co.uk](http://www.reassure.co.uk)

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