BUDGET 2014 - WHAT DOES THIS MEAN FOR YOU AND YOUR RETIREMENT?

IN MARCH THE CHANCELLOR ANNOUNCED WIDESPREAD CHANGES TO PENSIONS. WHAT DO THESE MEAN FOR YOU?

YOUR OPTIONS AT RETIREMENT BEFORE THE 2014 BUDGET	CHANGES TO THESE OPTIONS SINCE 27 MARCH 2014
Take a secure **annuity** income – a guaranteed income for life, purchased in exchange for your pension fund.	**If you need a secure income you should still consider an annuity.** Very few other options guarantee to pay an income no matter how long you live. However, before you act make sure you explore the other options available.
Take an income directly from your pension, via **capped drawdown** – You control where the pension is invested and how much income you take (up to a maximum amount).	**The maximum amount you can withdraw each year via capped drawdown has increased from 120% to 150% of an equivalent annuity.** Result = More income available if you require. Income is not secure.
Take unlimited income via **flexible drawdown** – Unlike capped drawdown there is no limit on the amount you can withdraw. One requirement to qualify is that you must have had £20,000 per annum in secure pension income.	**The minimum income requirement has reduced to £12,000 per annum.** Result = Flexible drawdown is now available to more pension investors.
Small pots under £2,000 – Pension pots worth less than £2,000 each could be taken as a lump sum in some circumstances.	**The limit has been increased from £2,000 to £10,000** and this option can be exercised 3 times instead of twice. You still need to be over 60. Result = Larger individual pots can be taken as a lump sum.
Total pensions under £18,000 – If all of your pensions (including those in payment) were worth less than £18,000 you could take these as a lump sum.	**The £18,000 limit has been increased to £30,000. You still need to be over 60 and can only exercise this option once.** Result = Those with larger pensions can take them as a lump sum.

PROPOSED CHANGES FROM APRIL 2015

The government has proposed comprehensive reforms which are subject to consultation:

- **All pension investors over 55 will be able to take unlimited income from their pensions if they wish.** 25% would be tax free with the rest subject to income tax.
- The existing rules relating to drawdown and small pots would effectively cease to exist.
- The age at which you can take benefits will be reviewed.
- The tax treatment of death benefits will be reviewed.

Those wanting a secure income in retirement will still be able to buy an annuity.

Want to know more?

Call us: 0117 980 9940

Visit: www.hl.co.uk/annuity

Budget 2014
Major changes announced

You will find a summary of the key changes relating to taking benefits at retirement overleaf. We are on hand to answer your questions and discuss what the changes could mean to you.

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