



ROSSBOROUGH PENSION SOLUTIONS (ZILL)

Retirement Options Factsheet



You have significant flexibility in terms of when and how you choose to access your pension benefits in retirement.

It is important that you are aware of the options available and consider the benefits and risks associated with each before deciding how to draw your pension.

Rossborough Financial will advise and assist you in deciding which is most appropriate based on your personal circumstances.

Tax-Free Cash Lump Sum

At retirement you can take up to 30% of your pension fund as a tax-free cash lump sum, the remainder of your fund can then be used to provide you with an income in retirement.

Traditional Annuity Purchase

See diagram below

You can use your pension fund to purchase a traditional annuity from an authorised insurance company conducting annuity business in Jersey.

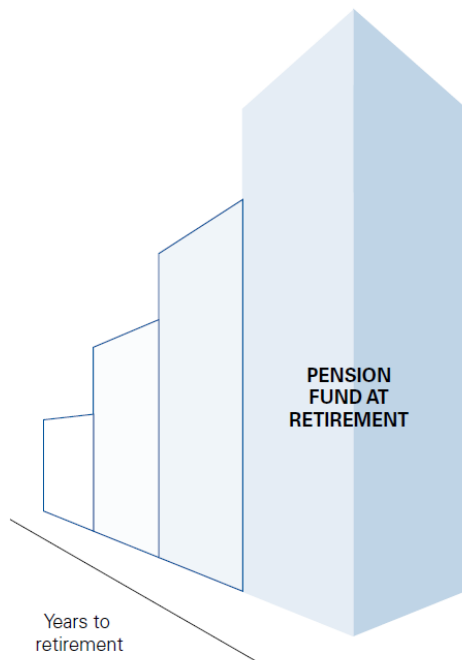
The amount of pension income payable will depend on the actual amount available to purchase an annuity and annuity rates at the time you retire.

A traditional annuity provides a guaranteed income for life and can be structured according to your requirements. The more options you include the lower your initial level of income will be:

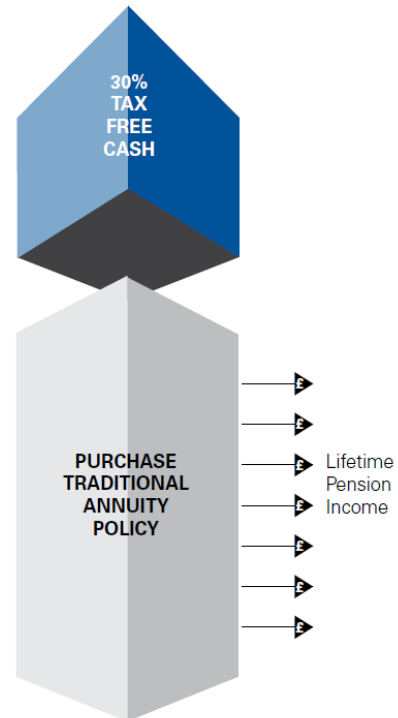
- Indexation - you can choose either a level income or an income which increases each year.
- Spouse's Pension - the annuity could continue to pay an income to your spouse on your death.
- Guaranteed Period - to offer some protection against the loss of your annuity benefits if you die shortly after retirement you can include a minimum period over which your annuity will continue to be paid, typically five years.

The option to purchase a traditional annuity will be dependent upon the availability of an authorised insurance company conducting annuity business in Jersey when you retire.

Accumulating your pension fund.
through contributions and investment growth



Tax-free cash and purchase of a traditional annuity:
to secure a guaranteed income in retirement.



Annuity Equivalent Income

See diagram below.

As an alternative to purchasing a traditional annuity you can retain ownership and control of your pension fund and have the option to:

- Take up to 30% of your pension fund as a tax-free cash lump sum.
- Draw an income directly from your pension fund, this is known as an Annuity Equivalent Income (AEI).

You can choose the amount of your AEI within maximum limits prescribed by the Comptroller as determined by reference to the UK Government Actuary's Department published tables.

Your income can be paid quarterly or yearly.

The balance of your pension fund will remain invested in your Plan where it may continue to benefit from future growth after you have retired.

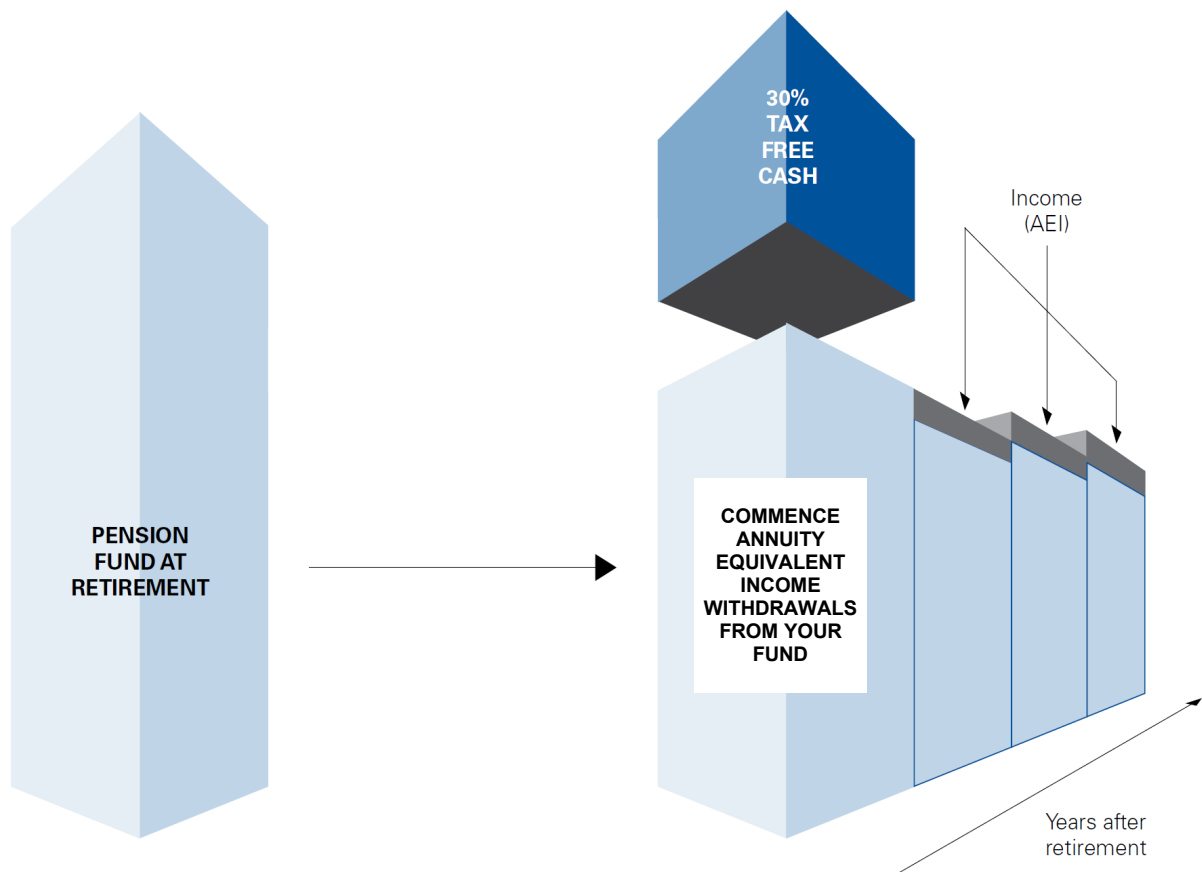
On death after your retirement, i.e. you have taken a tax-free cash lump sum and/or AEI, the balance of your pension fund can pass to either:

- your surviving spouse, net of Jersey income tax at half the standard rate, or
- your Estate net of Jersey income tax at half the standard rate.

Your surviving spouse also has the option to retain your Plan and continue to draw an income from the pension fund.

If you elect to draw your AEI please allow 60 days before the first instalment to be paid.

Annuity Equivalent Income. Take tax-free cash and income directly from the fund.





Pension Drawdown

Subject to certain conditions you can transfer your pension fund to a Pension Drawdown Contract and immediately withdraw an unrestricted amount i.e. up to 100% of the value.

It is permitted for up to 30% of the maturing fund value to be paid to you tax free prior to making a transfer to a Pension Drawdown Contract.

To establish a Pension Drawdown Contract you must be able to meet the 'Minimum Retirement Income' (MRI) requirement or the Minimum Retirement Capital requirement (MRC). MRI is a guaranteed lifetime income of an amount not less than the single person's full States of Jersey old age pension, increasing by at least 3% per annum. MRC is calculated depending upon age and asset values and you should contact a Rossborough Consultant to establish if you meet this requirement.

On death the remaining balance of your pension fund passes to your Estate net of the standard rate of Jersey income tax.

The Need for Advice

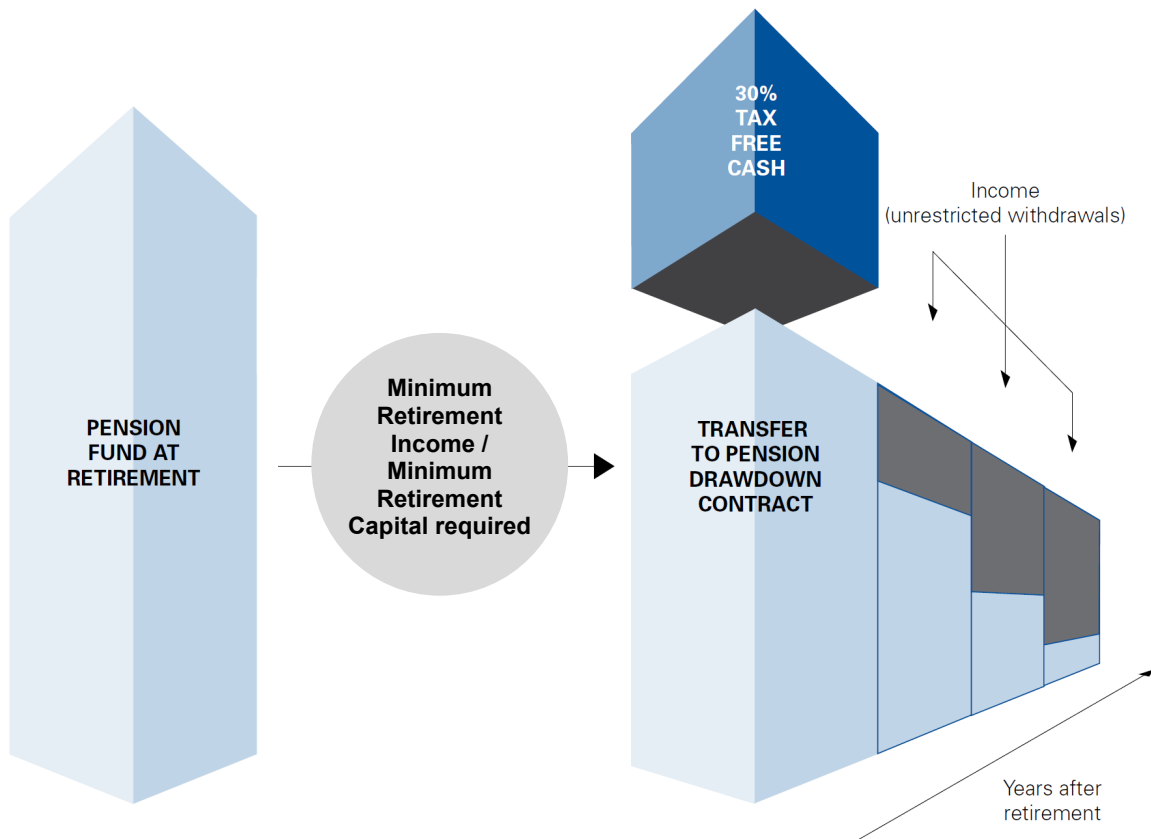
Although the Annuity Equivalent Income and Pension Drawdown options offer considerable flexibility and control of your pension benefits in retirement, they are complex financial arrangements which may carry a higher degree of risk and ongoing costs. It is therefore important that you seek specialist retirement planning advice before deciding on either of these options.


Pension Benefits Income Tax Position

With the exception of the payment of any tax-free cash lump sum all other pension benefits, either in the form of a traditional annuity, an AEI or withdrawal from a Pension Drawdown Contract will be subject to Jersey income tax at the standard rate.

Transfer fund to Pension Drawdown contract:

Take tax-free cash up to 30%; transfer to drawdown and take unrestricted withdrawals.





If the value of your pension fund is relatively small you may be permitted to have your pension fund paid directly to you as a lump sum.

Triviality

You may elect to receive your pension fund as a lump sum on the grounds of triviality once you have attained age 60.

Your benefits in The Plan may be considered to be trivial if the total value of your pension fund together with any other pension benefits taken under triviality do not exceed £35,000 net of the tax free cash.

Under the triviality option you may receive your pension fund as a lump sum payment which is subject to income tax at 10%.

If your pension fund includes benefits transferred in from or previously accrued in an approved UK pension arrangement then you will **not** be able to access your benefits under the triviality provisions.

If you elect to take your benefits on the grounds of triviality a termination fee may apply.

Small Fund Commutation

You may be permitted to commute the whole of your fund value to a cash lump sum prior to your selected retirement age if your total fund value is £19,000 or less and the aggregate value your fund and any lump sums previously commuted does not exceed £50,000.

This will be paid gross however you would need to declare this sum as earned income on your Jersey annual income tax return. Non-Jersey residents may receive their commuted sum less Jersey Income Tax.

If your pension fund includes benefits transferred in from or previously accrued in an approved UK pension arrangement then you will **not** be able to access your benefits under the small fund commutation provisions.

If you elect to take your benefits on the grounds of small fund commutation a termination fee may apply.



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June 2018

