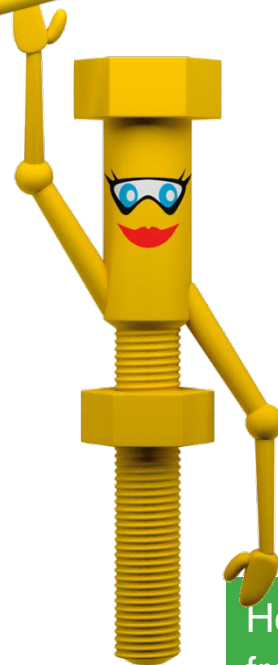




Kingfisher Pension Scheme



Total & Multiple Withdrawal Retirement Options



How taking out money from your retirement savings affects your future

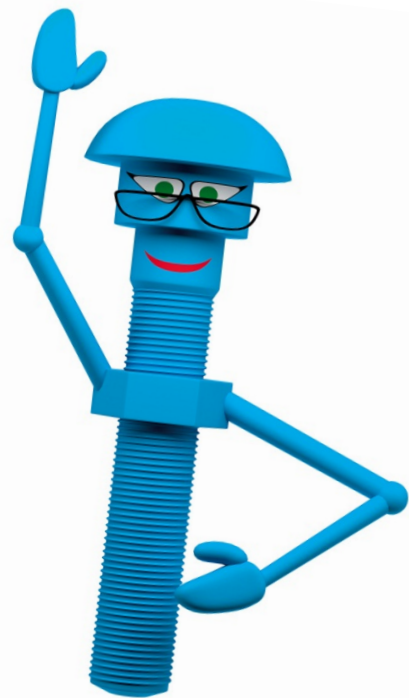
This module applies if

You are aged 55 or over.

&

You are thinking about taking all or part of your Retirement Account (or “pot”) as a cash sum instead of buying an annuity.

Important – to take advantage of the new pension freedom allowing you to take part of your “pot” as cash you will need to transfer your fund to a suitable “flexi-drawdown” product



Withdrawal Options

If you want to withdraw all of your “pot” in one go you can do this straight from the KPS-MP.

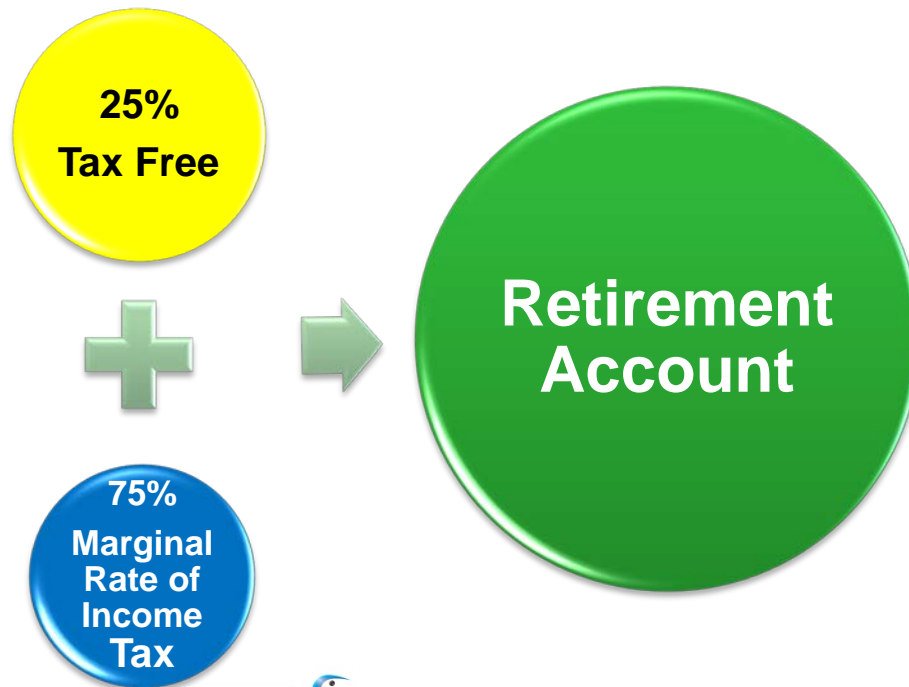


If you are thinking about taking your “pot” as a series of staggered payments then you will need to transfer your fund to a suitable “flexi-drawdown” product.

Total Withdrawal

If your retirement savings is in a DC Scheme (like the KPS-MP) and you are aged 55 or over, you can take it all as a one off lump sum.

But only part of it is tax-free.



If your retirement savings are in a final salary scheme (like the KPS-FS) this option may be available but other conditions set by HMRC must be met. To find out more, click [HERE](#)



Your Options

- You can withdraw all of your “pot” or “pots” in one go. This is called “Total Withdrawal”.
- If the value of one of your “pots” is more than £10,000 you may have a reduced Annual Allowance (explained later).
- 25% of each “pot” will be tax free and the balance will be added to your income in that tax year. Which means:-
 - You could end up paying a lot more tax in that tax year.
 - You might affect your entitlement to State benefits.



How you could reduce impact on tax and state benefits

- You could stagger the withdrawal of your retirement saving(s) over a period of years. This is called “Multiple Withdrawal” (also known as “Flexi-drawdown”).
- You still get 25% of each “pot” tax free and the balance will be added to your income in that tax year.
- But, you have some choices:-
 - You could take all 25% of the total “pot” tax free in year 1, and the balance in subsequent years which will be added to your income and taxed. Or..
 - You could take a combination of tax free cash and taxable cash in each year.

This requires very careful planning to make sure you do not end up paying too much tax.

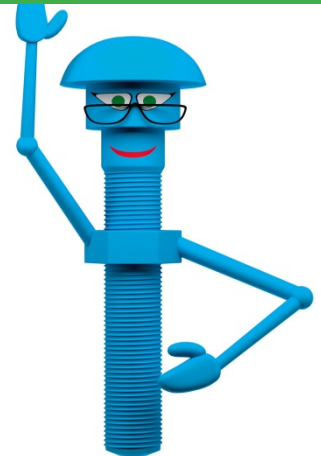


Multiple Withdrawal Risks:

Using a flexi-drawdown product may allow you to manage your liability to tax and enable your dependents to benefit when you die, but...

- it might also affect your entitlement to State benefits.
- there are ongoing investment decisions to be made.
- if the funds are not managed properly you could run out of money.
- flexi-drawdown products are subject to administration and management charges.
- This might make these products impractical for small “pots”.

See the [“Flexible Options”](#) module for more information on Flexi-Drawdown



How Your One Off Cash Sum is Taxed

- Normally $\frac{1}{4}$ (25%) of the one off cash sum is tax free. However, if you were already receiving a retirement income but have turned it into a one off cash sum instead, and it consists of contracted out benefits only, the whole amount is taxable.
- Your scheme administrator will deduct any tax due at the basic rate of 20 per cent using Pay As You Earn (PAYE) and should give you a P45 showing how much tax has been paid.
- You may wish to consider when you take the one off cash sum as you may incur a higher marginal rate of income tax if you receive it towards the end of the tax year.
- The amount of tax you pay depends on your total income for the tax year. The one off cash sum is added to your normal income for the year and if this is below the basic rate threshold you will pay basic rate tax on the whole lot. If the one off cash sum takes you in to the higher rate tax band then you will pay a higher rate of tax.
- If the one off cash sum doesn't meet the conditions described earlier it will be an unauthorised payment and you may have to pay extra tax.



Other Factors to Consider

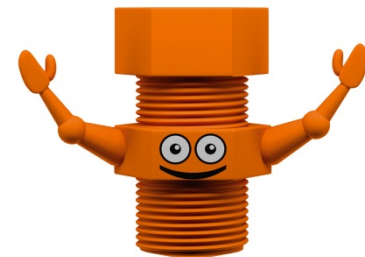
- In most cases your Annual Allowance will reduce.
 - This means that the tax relief you will get on any future contributions you make to a pension scheme may be capped.
- Some options may mean the amount you have received will count towards your assets if you are declared bankrupt.
- Some options have on-going costs.
- Some options have on-going decisions to be made about investments.
- All of the options have tax implications, so you should look at your current tax situation.

Pension Wise can give you further information on these issues.



What you can do with your cash

- There could be other options available to you, for example annuities.
- You could manage withdrawals from your “pot” so as to maximise State Pensions and means-tested benefits. The longer term benefits you get from this may be better for you.
- You could consider using withdrawals from your “pot” to make voluntary National Insurance Contributions to boost your number of qualifying years towards the State Pension.
- You could consider merging small pots.
- Consider using your Retirement Account to repay expensive debt e.g.:-
 - Mortgage debt
 - Unsecured debt
- Maximise income from other financial products, like ISA allowances or more competitive savings.



Watch out for scammers

The new pension freedoms have brought new scams to the market.

- Examples:-
 - ‘Free pension reviews’
 - ‘One-off pension investments’
 - ‘Pension loans’
 - Cash offers are being used to part savers from their money.

More and more unscrupulous people are trying to take your money.

Visit [The Money Advice Service](#) to get more information, and avoid being a victim.



Total Withdrawal and your KPS-MP Retirement Account

- You will be able to take all of your Retirement Account as a one off cash sum.
- When you reach your selected retirement age, the Administrators will contact you with your options and explain how to take a cash sum.
- If your Retirement Account is linked to your KPS-FS benefits then this option may differ.

Important - some total withdrawal options may affect the amount of tax relief you could get on future pension contributions.



Withdrawal Options for KPS-FS Members

Trivial Commutation:

- this is where you exchange your KPS-FS pension for a one off taxable cash sum
- You may take this option if your total retirement savings have a value of £30,000* or less.
- 25% of the one off the lump sum will be tax free.
- The balance of your lump sum will be added to your income for tax purposes.

* This limit includes the value of you other retirement savings but not your State Pension e.g. if you have KPS-MP benefits or a previous employer's pension.



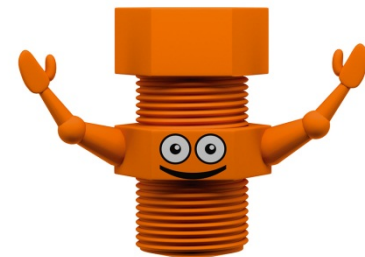
Rules For Those With Retirement Benefits of £30,000 or less

When you have a small retirement benefit you may be able to take it as a one off taxable cash sum. The way this is calculated will depend on the type of benefit you have, however the main rules are:

- All your retirement savings need to have a value of £30,000 or less
- You must be aged 55 older.
- You must take all the retirement savings within the same pension scheme (like KPS) as a lump sum; and
- Once you take this option, you have 12 months to do this with the rest of your pension arrangements.

There are other conditions set by the HMRC which are explained [HERE](#).

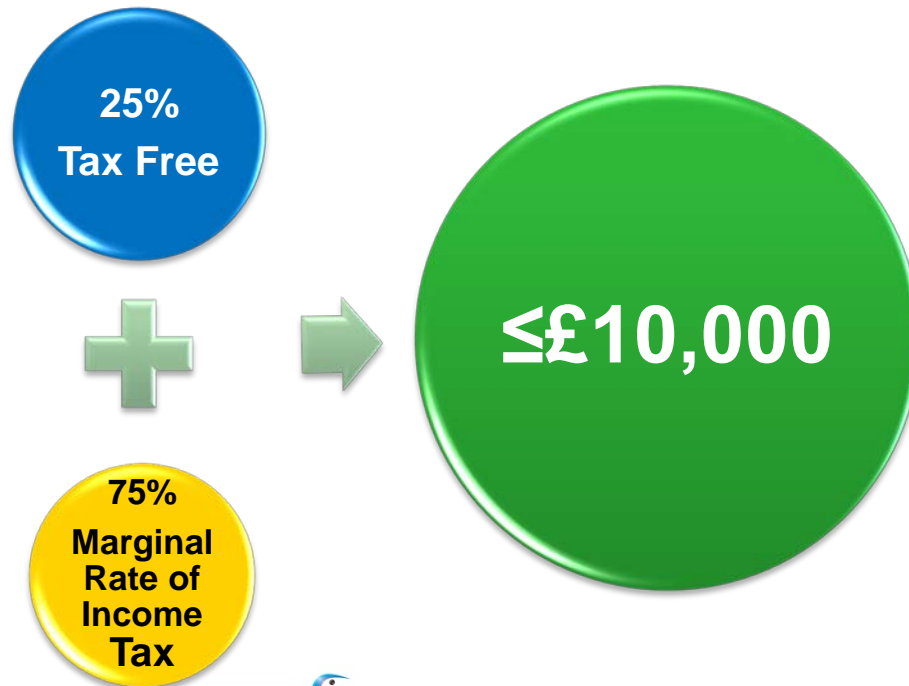
However, to read the specific conditions please click [HERE](#) to refer to the HMRC website.



Small Pot Lump Sum

If all your retirement savings in the Kingfisher Pension Scheme have a value of less than, or equal to, £10,000 and you are aged 55 or over, you can take it all as a one off lump sum. This is called a 'Small Pot Lump Sum'. For this option it does not matter what other benefits you have outside of the KPS.

Remember, only part of the lump sum you take is tax-free.



Other conditions set by HMRC must be met. To find out more information please [click here](#).

You may be giving up valuable guarantees by doing this so get advice and make sure you understand the implications.

Flexible Options & your KPS-FS pension

If you are not able to take your KPS-FS benefits as cash but you want to take advantage of the new pension freedom allowing you to take multiple or full withdrawals - **you will need to transfer your fund to a suitable Drawdown product.**

This decision has significant implications and risk, **so financial advice is essential.**



Summary for KPS-FS Members

- If the value of your KPS benefits is £10,000 or less, or all your retirement savings have a value of £30,000 or less, you can take the whole final salary pension as a lump sum subject to HMRC conditions.
- 25% of the cash sum will be tax free.

Or

- You could transfer your KPS-FS out to another pension provider that offers Flexible Options BUT:
 - Available up to your Normal Retirement Date.
 - Financial advice may be required.

You can find more information on Trivial Commutation on the Kingfisher Pension Scheme website – click [HERE](#)



What else do I need to take into account?

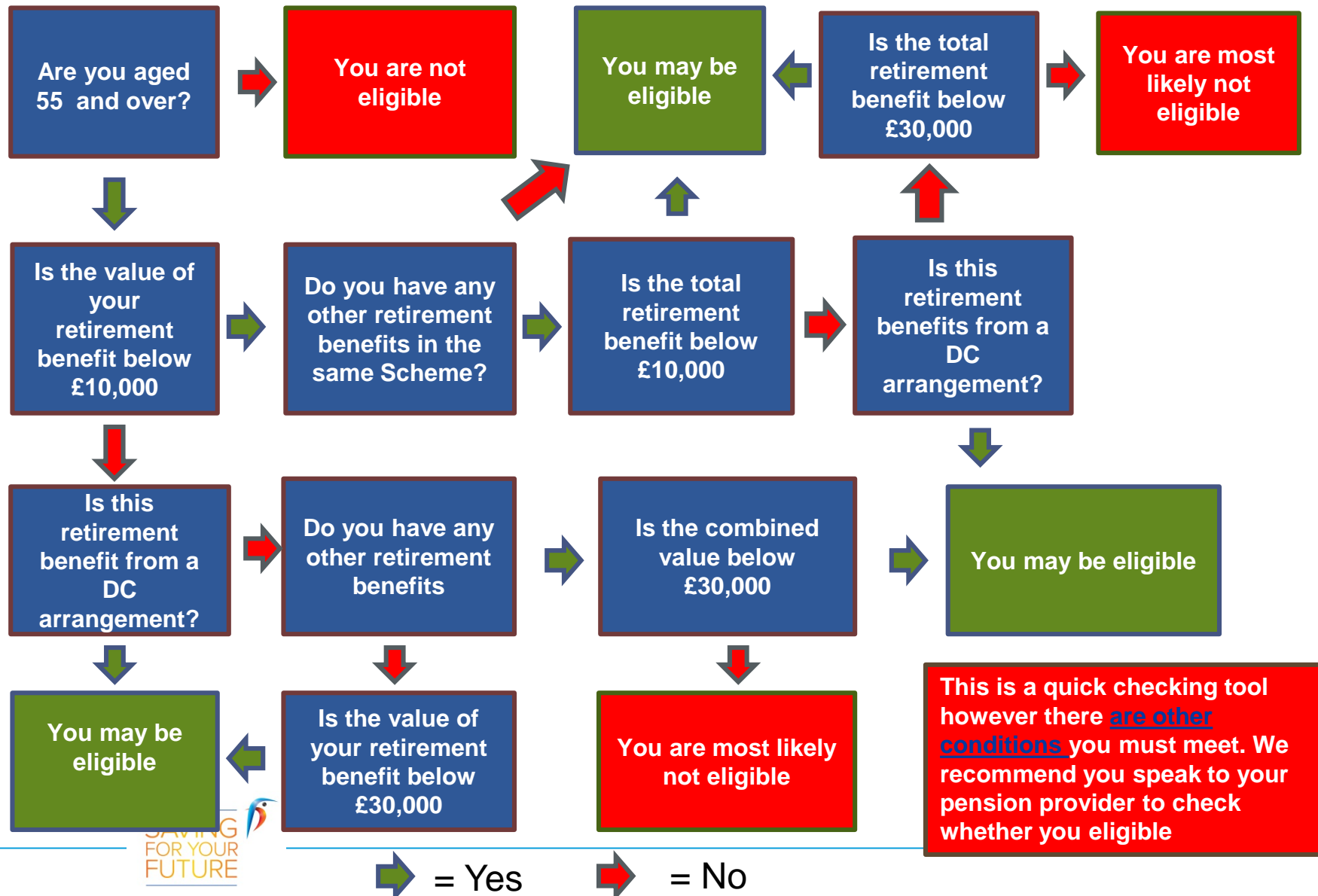
If you exchange your retirement benefit for a one off cash sum then you also need to be aware of the following:

- By receiving the one off cash sum, no other benefits will be payable from your pension provider. This means no further death benefits either to you or any dependants.
- The one off cash sum will be subject to income tax. **BUT** $\frac{1}{4}$ (or 25%) of your one off cash sum may be taken as tax free.
- You may be sacrificing other benefits payable from your pension arrangement

It is worth speaking to your pension provider to find out exactly what you will be losing should you take this option.



So can I take the one off cash sum option?



Important Contacts

Kingfisher Group
Pensions
Department

08456 80 70 60

pensions@kingfisher.com



Pension Tracing
Service

0845 6002 537

www.gov.uk/find-lost-pension



The Pensions
Advisory Service

0845 601 2923

www.pensionsadvisoryservice.org.uk



The Pensions
Service

0845 300 0168

www.gov.uk/browse/working



Pension Wise

A free and impartial government service about your defined contribution pension options.



Pension Wise will not be able to give you financial advice but they can help you by explaining all the options open to you in an easy to understand and jargon free way.

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) gives people professional, independent and impartial help with their pensions – for free.

**The PENSIONS
Advisory Service**

0300 123 1047



Financial Advice

If you are not comfortable making your own decisions and are looking to change from the default option then we recommend you seeking independent financial advice.

For personal financial help or advice you need to speak to an Independent Financial Advisor (IFA) who can look at your circumstances and help you plan what's best for you.

You can use the unbiased.co.uk 'find an adviser' search to find local professional advisers.



The Money Advice Service

Free and impartial money advice, set up by government.



0300 500 5000



Other Sources of Information



The Pensions
Regulator

The PENSIONS
Advisory Service



CAPITA



Kingfisher Pension Scheme Trustee

This module was developed by Kingfisher Pension Trustee Ltd to help you better understand the pension scheme and related subjects. Please have a look at the other modules to see if they could also be of benefit to you.

