



Income options

**Your money, your way from
our Self Invested Personal Pension**



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Access your money on your terms

Our income options give you flexibility, control and choice over how you take your money. Tailor your income to meet your own circumstances. And if your circumstances change, you can change the way you take your money. The income options available with our Self Invested Personal Pension (SIPP) are designed to help you get the most out of your money.

This guide explains the income options available and how you can tailor your income to meet your needs.

With our SIPP income options, you can:

- ▶ **Keep your options open until you're ready to decide**
- ▶ **Access your fund tax-efficiently**
- ▶ **Take your income the way you want it**
- ▶ **Provide for your loved ones**
- ▶ **Benefit from tax-efficient investment returns**
- ▶ **Continue investing for the future**
- ▶ **Make the most of your money today**

Things you need to know

You can find out about the commitments and risks involved when investing in a SIPP by reading the key features document. If you're still not sure what to do, speak to your financial adviser.

Normally you need to be age 55 or over to start taking your benefits. You'll need to make sure you have sufficient funds to cover the income options listed on the next few pages. You'll also need to have regular reviews to make sure that your pension fund can sustain your lifestyle. We'll allow you to start taking an income from your fund as long as it's over £50,000, and the Financial Services Authority recommend having at least £100,000 before you start drawdown.

Laws and tax rules may change in the future, and tax can also depend on your personal circumstances. The information here is based on our pensions experts' understanding in September 2011.

Want to keep your options open?

Do you know what the next 10 years will be like?

Would you like to...

- ▶ spend time on a hobby?
- ▶ carry on working in a way that suits you?
- ▶ put something back in to society?

And those plans might change as time goes by...

Or you might not know exactly what you want to do yet.

And how do you know exactly what your income and outgoings will be?

- ▶ These can change over time too
- ▶ Some changes you'll expect, like your state pension starting to pay out
- ▶ Other changes are unknown, such as income from any future work, or the level of inflation

And it's not just your income needs and earnings that might change.

It might be that you're not sure about the type of annuity to purchase.

- ▶ Do you want protection from inflation?
- ▶ Or would you prefer to take a lower income to provide benefits for your spouse or partner when you die?
- ▶ Do you want more income today than you'll need in the future?
- ▶ Or would you prefer not to start taking your pension now, and wait for a potentially more beneficial time in the future?

So keeping your options open can be very attractive

Taking an income from your SIPP helps to keep your options open. Remember – when you start taking an income, you can still buy an annuity with part or all of your money at any time.

When you take an income from your pension fund, the remainder of your fund stays invested with the potential for future growth. But you should remember that the value of your fund can go down as well as up, and this could affect the level of income you can take in the future.

Want to access your tax-free lump sum?

How it used to be

Traditionally, if you wanted to access your pension, you'd just buy an annuity and take your tax-free lump sum (you can usually access 25% of your pension pot tax-free from age 55).

This didn't always give people the flexibility they wanted.

How things are changing

These days there's more choice. You can take some of your tax-free lump sum, and wait to take your income later. Plus you can keep some money invested, to keep making the most of the tax-efficiency of your plan. You can even continue to make payments to your plan.

Taking your tax-free lump sum

Like most pensions, our SIPP offers you up to 25% as a tax-free lump sum with the remaining fund used to provide a regular taxable income. You can choose to start taking an income at the same time as the lump sum, or later if it suits you better.

When you decide to take an income, we offer two options: an annuity and income drawdown. The table below compares the flexibility of a conventional annuity and income drawdown.

	Conventional annuity	Income drawdown
Guarantee a minimum level of income for life	Yes	No
Protection against mortality risk	Yes	No
Provides a safety net when the markets fall	Yes	No
Potential for growth on income when markets are rising	No	Yes
Ability to actively invest	No	Yes
Income flexibility to meet changing needs	No	Yes
Allows further choices to be made in the future	No	Yes
Remainder of fund paid out when you die (subject to tax)	No	Yes

Switching your income on

You can start taking your income from age 55, or wait until a time that suits you better.

Once you've taken your tax-free lump sum, there are a number of ways you can take your income. It's important to choose the option that suits you best.

And there are quite a few things to think about before you decide how to take your money. The graphs at the bottom of the page show some examples.

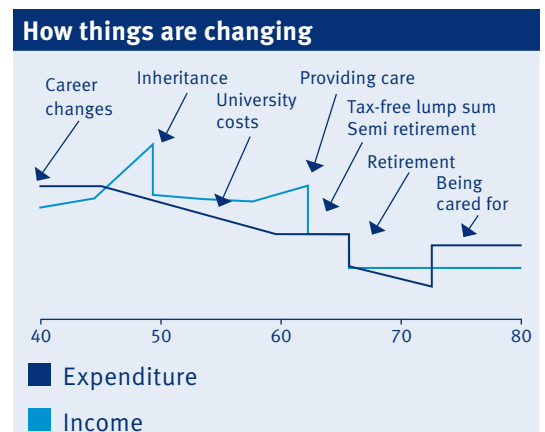
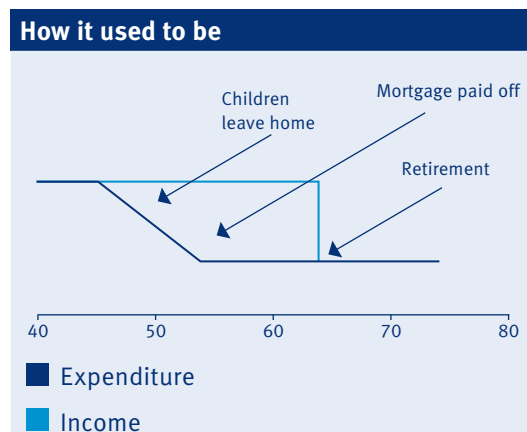
There's plenty of flexibility when it comes to taking your income:

- ▶ **A fixed regular income through an annuity.** If you choose to buy an annuity with your fund, this gives you certainty about how much you'll get and offers a range of options such as increasing the income every year, or leaving an income for a surviving spouse after you die. Once you've used all of your fund to buy an annuity, you cannot make further payments to your plan.
- ▶ **A flexible income through SIPP income drawdown.** Unlike an annuity, with this option you draw money directly from the fund you've built up. So you can choose to take all or some of your income. You can also increase or decrease your income to suit your needs. So you can review your income levels to help manage your tax bill. If you choose a flexible income, your fund remains invested so it has the potential to grow and you can even continue to make payments to your plan.
- ▶ **Finally, and most importantly, you can choose both.** You can mix flexible and fixed income from the outset. Or you can start flexible and then change to a fixed income at a later date. Whatever suits your plans.

Things to remember when considering income drawdown

- ▶ You need to be aware that you may receive less income through drawdown than if you had bought an annuity
- ▶ If the income you take plus the charges exceed the growth in your fund, the value of your fund will decrease
- ▶ The value of your fund will determine your future income limits at the date of recalculation. This means your income could decrease or increase
- ▶ You must regularly review your situation and changing income needs with your financial adviser
- ▶ Your income limits will be recalculated at least every 3 years and usually when a new phase of benefits is taken. After age 75, your income limits are recalculated every year
- ▶ Income drawdown is more risky and complex than an annuity so may not be suitable for everyone
- ▶ Any income you take will be taxed in the same way as income you earn

You can stop, start and change your income levels at any time, depending on your available funds and within limits set by the government. To change your income level, simply give us a month's notice. And you can take any remaining tax-free lump sum from your fund whenever you want.



In the past it was much easier to match your income and expenditure. Now things tend to be more fluid – which can make it more difficult to balance your income and spending.

Ways to take your money from your SIPP

Our SIPP lets you access the money in your pension fund in two different ways.

Depending on how much tax-free lump sum or income you need, these options can also help you keep your tax advantages by only releasing the parts of the fund you need. With both these options, keeping your fund invested means that the value of your fund can go up or down.

Remember you'll need to have regular reviews to make sure your fund can maintain the level of income you're taking.

	Savings pot	Income pot	Your bank account	Is it right for me?
	Money in this pot stays invested with the potential to grow	Money in this pot stays invested with the potential to grow	This part is now transferred to your bank account, where it becomes subject to normal tax rules	
<p>Take your lump sum in one</p> <ul style="list-style-type: none"> ▶ Known as full drawdown ▶ You can normally take up to 25% of your fund as a tax-free lump sum ▶ Take a taxable income from the remainder 				<ul style="list-style-type: none"> ▶ If you need to access your lump sum at once
<p>Take your lump sum in smaller chunks</p> <ul style="list-style-type: none"> ▶ Known as phased drawdown ▶ Take part of your lump sum and leave more of your money invested for tax-efficient growth ▶ Money left in the savings pot will move across to the income pot in the future 				<ul style="list-style-type: none"> ▶ Save some of your tax-free lump sum for the future ▶ It can be more tax-efficient, especially for your family if you die in drawdown ▶ More of your money stays invested with the potential to grow

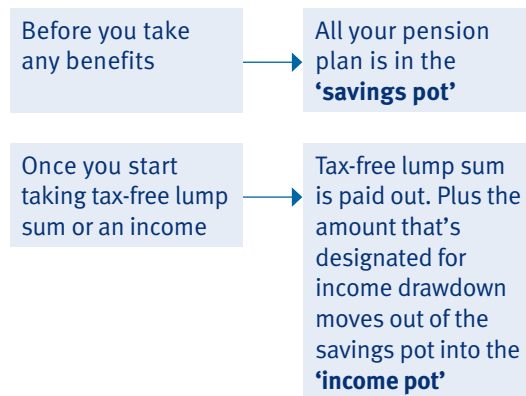
- Tax-free lump sum
- Money that may provide taxable income

Want to draw a regular income from your SIPP that includes a tax-free element? Our dripfeed drawdown option is an innovative way to provide tax-efficiency. Ask your adviser for the details.

Phasing your benefits

Our income options let you:

- ▶ **Minimise the tax on income**
- ▶ **Minimise the tax on your investments**
- ▶ **Maximise your death benefits, by only moving parts of your plan from the savings pot to the income pot**



How much will be designated for income drawdown?

Normally it's three times the amount of the tax-free lump sum.

Both the savings and income pots continue to benefit from tax-efficient potential investment returns.

But the key difference is how these pots are treated once you die.

If you die before age 75, a lump sum that's paid out from the income pot would be taxed at 55%, but any lump sum paid from the savings pot is normally tax-free.

So by phasing your benefits, you can reduce the amount of your plan that may be taxed at 55%.

There's more about how your SIPP can help you provide for your loved ones on the opposite page.

Continue investing for the future

When you start taking your benefits from the SIPP, the remainder of your fund stays invested. So it has the potential for future growth. And you can still take advantage of future opportunities. Your fund continues to be invested in a tax-efficient way. You won't pay personal tax on investment income or investment growth. Like any pension, you can't claim back any tax paid on dividends before they are received.

A broad range of investments

You still have access to our full range of investments with our SIPP and you can stay in control of how you want to invest your money to achieve your goals. When it comes to investing, you can choose from pension funds, bonds, shares, commercial property, gilts, mutual funds and much more. What's more, you can invest in funds from other leading investment managers too.

As with all investments, remember that the value of your fund can go down as well as up, and this could affect the level of income you can take in the future. Some types of investment (like property) may take longer to sell.

Keep adding to your pension fund

You should also remember that you can continue paying into your pension fund while you take an income, until you turn 75.

You need to be confident you have the investment skills to fully understand the choices you make. Your financial adviser will be able to help you choose the right investments to support your financial goals.

Provide for your loved ones

Our SIPP gives you tax-efficient options so that your loved ones can benefit from your pension when you die.

For example, if a 55% tax charge would apply to a lump sum death benefit, you could ask us to pay your dependant a pension instead.

And if you're worried about inheritance tax being payable when your beneficiary dies, you could use our Bypass Trust and ask us to pay the lump sum direct to the trust.

Your plans don't need to be set in stone today – you've got flexibility so that things can change if they need to later on.

When you die, your pension fund can provide an ongoing income for your dependants, a lump sum payment to a number of beneficiaries or a mixture of both. Pension income is taxable.

If you die before age 75, normally lump sums will be paid tax-free from your 'savings pot'. If your money's in the income pot, your dependants can take an income from your pension, and will pay tax at their usual rate. Or if they take a lump sum, it will be taxed at 55%.

If you die after age 75, your dependants can take an income from your pension and pay tax at their usual rate. Or any lump sum payment will normally be taxed at 55%.

The difference between these benefits can have quite an impact. So we designed our SIPP to be flexible – to make the most of your money and help provide for the people you care about.

If you'd like to know more about what happens to your money when you die, read our guide to providing for your loved ones (SLSIP11) or seek financial advice.

Standard Life: the SIPP provider of choice

With the SIPP from Standard Life, you can count on award-winning service, a wide choice of investments and online access to view your fund – making it easier for you to be more active with your money.

Award-winning customer service

Our dedicated SIPP team is on hand to help you keep track of your investments and deal with any queries you have.

You can rely on Standard Life for fast, hassle-free service whenever you need it. In fact, we paid out 90% of tax-free lump sum payments in three days or less (where we received the correct information).

The easy way to manage your money

As the SIPP allows you to hold a variety of investments under one ‘umbrella’, making it easy for you to manage a diverse portfolio. You can monitor your pension investments at the click of a mouse, and any changes you make online with your financial adviser will be completed immediately.

Don't take our word for it...

The awards we've won speak volumes about our commitment to our customers.

Best SIPP Provider
Professional Adviser Awards 2011

Best SIPP Provider
Money Marketing Financial Services Awards 2011



You can find out more about all our recent awards at standardlife.co.uk/awards

Whatever your investment style, simple or complex, cautious or high-risk, you can build a portfolio to suit you with our SIPP.

Make the most of your money today

If you're interested in getting income options from your pension, our SIPP could be right for you. Make sure you've considered all the associated risks as well as the benefits outlined in the previous pages.

Keep your options open

If you're not sure what you need, you can use the SIPP to keep your options open until you're ready to decide.

Take a tax-free lump sum

You can normally take up to 25% of your pension fund as a tax-free lump sum. You can also get a taxable income at the same time, if it's right for you.

Different ways to take your money

You can take your tax-free lump sum in one go or in several smaller chunks. And if you take an income, you can stop and start it when you like.

Keep your money invested

When you start taking income from your SIPP, the rest of your fund stays invested with the potential to grow in a tax-efficient way.

Pay more into your pension fund

You can continue paying into your pension fund up to age 75 even after you've started taking a lump sum or an income.

Provide for your loved ones

When you die, your pension fund can provide for your loved ones – meaning your money stays as active for them as it was for you.

Access your fund online

As you can view your pension fund online, you can keep a closer eye on how your investments are performing.

No waiting

You can start taking an income from day one (as long as you're 55 or over). There are no extra charges for taking income unless you've chosen more complex investments.

Getting advice

There are risks involved in taking income from your SIPP. Speak to your financial adviser to see if it's right for you.



To find out more about
our SIPP, visit
[standardlife.co.uk](https://www.standardlife.co.uk)

Find out more

A pension is just one source of income, so you should speak to your financial adviser to get a fuller picture of your finances and help you decide whether this SIPP is right for you.

Any questions?

If you have any questions about Standard Life's income options, contact our dedicated SIPP team:

Call us on 0845 0845 000

We're open Monday to Friday, 9am to 5pm. This isn't a free number, so call charges may vary. We might record or monitor your call to make sure you get the best service.

www.standardlife.co.uk