



Best rates,
best service,
best information:
the UK's no 1
annuity service

www.hl.co.uk/annuity

Guide to taking a secure retirement income

How to boost your income - for life

**HARGREAVES
LANSDOWN**



An **annuity** is one of the few ways of providing a secure income from your pension.

It is a guaranteed income for life, no matter how long you live. It's easy to find a **better** annuity income, using our annuity service. This guide explains your options and shows you how to achieve that better deal, quickly and simply.

If you have any questions call us on **0117 980 9940**.

We offer our retirement service without advice, which means we help you make your own informed decisions. But don't forget you can ask us for advice if you are not sure about anything. We have advisers who can help.

We are the UK's number 1 annuity service as we write more annuities each year than any other broker. Source: MyTouchstone, an Equifax company.



Your options

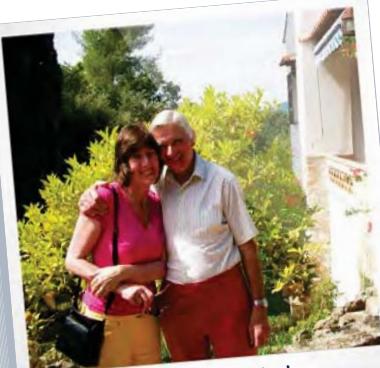
At retirement you have some choices to make. You can usually take up to a quarter of your pension fund as a tax-free lump sum with any further income or withdrawals taxed as income.

You are likely to want to provide some kind of income for your future retirement.

- If you need secure income, as many people will, you can use our **annuity service** to find a better income. This is important. It could boost your income for life, by thousands of pounds. This guide explains the options and how to get the best deal.
- If you don't need a secure income yet, you could consider taking income directly from your pension fund instead. This is an option known as **income drawdown** and is becoming increasingly popular. See page 12 for more details on how it works.
- There may also be some options to take your pensions as cash. This may apply currently if you are over 60 and have small pensions (under £30,000 in total or individual pensions under £10,000 each). See page 13 for more details. The Government is consulting on allowing all pension investors at retirement to take as much as they like directly from their pension from April 2015. Remember up to 25% of the lump sum is tax-free (you will have to pay income tax on the rest).

25%

The amount of pension most people can take tax-free at retirement



Client case study:
Mrs Reeves, Wiltshire

Client case study: Mrs Reeves, Wiltshire

"Hargreaves Lansdown were brilliant in setting up my annuity. They did all the legwork for me by shopping around and finding me the highest income available from my pension. Everything was finalised within three weeks of first enquiring. I particularly liked that whenever I rang I spoke to someone straight away who was able to help."

Visit www.hl.co.uk/annuity or call 0117 980 9940. We can talk you through your options, help with all your questions and, most importantly, help you get the best annuity deal.

Are you one of the 70% who could qualify for an enhanced annuity?

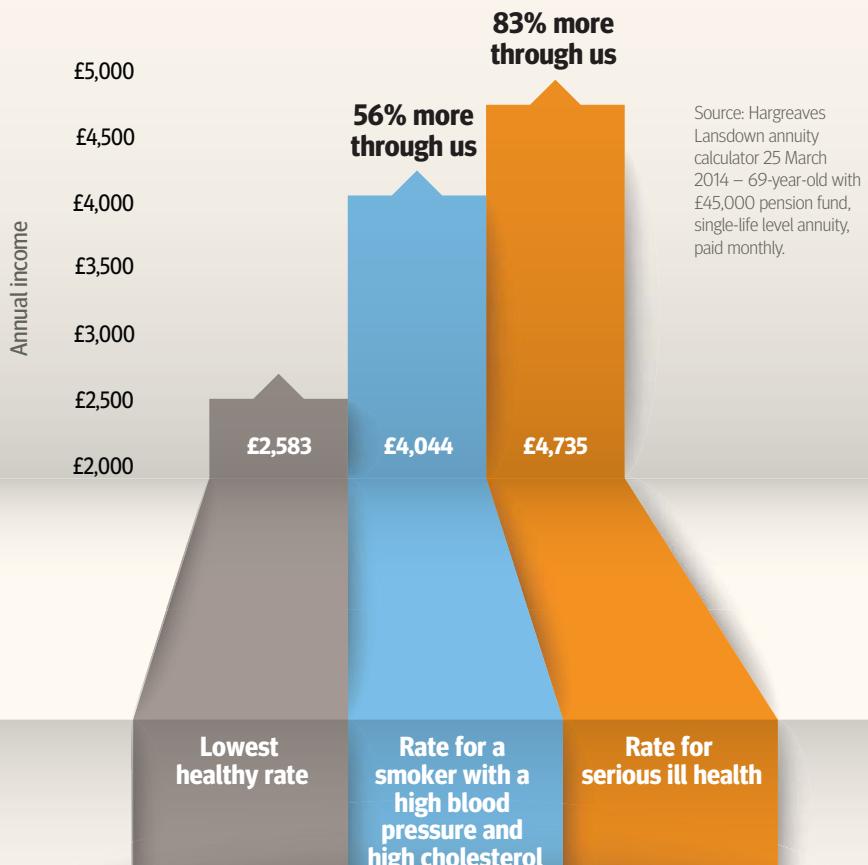
Retirement is one time where being less than fighting fit can work to your financial advantage.

An enhanced annuity could pay you a lot more than a standard pension. It's estimated that 70% of people could benefit from a boost to their income when they retire because they drink alcohol, are overweight, smoke, or have even minor health conditions (source: MGM Advantage).

» Visit www.hl.co.uk/enhanced-annuity, or call 0117 980 9940.

There are over 1,500 conditions which could mean you get a better income. Some common factors that could increase your income are:

- › drinking alcohol
- › being overweight
- › smoking
- › high blood pressure
- › high cholesterol
- › having diabetes
- › heart problems
- › regularly taking prescribed medication



A close-up photograph of a woman with blonde hair, smiling broadly. She is wearing a gold necklace and small hoop earrings. In the background, the profile of a man's head is visible. The scene is set outdoors with a bright, slightly overexposed background.

Simple to get
started: visit
www.hl.co.uk/annuity
or call us on
0117 980 9940

A photograph showing a person's feet in brown leather boat shoes resting on a dark wooden railing of a boat. In the background, another boat with its sail up is visible on a calm sea under a clear sky.

Just five minutes to
get a **guaranteed**
quote

Could this be the most profitable five minutes you've ever spent?

The website features a navigation bar with links like 'Cookie policy', 'Investor relations', 'Contact us', 'Press', 'About us', 'Careers', 'Register for online access', 'Search website', and 'Log in to my account'. On the left, there are buttons for 'Get a quote', 'View service history', 'Edit personal details', 'Edit pension details', 'Edit assets & debts', and 'Add pension historical details'.



Just five minutes
to get a quote



100% guaranteed
quotes



Available
24 hours a day



1ST in the UK

www.hl.co.uk/annuity

Enhanced annuities can boost income significantly. In the past, getting an enhanced quote has taken time, not to mention lots of paperwork. Our service lets you do it straight away online - at any time of the day or night.

Our online calculator is the first of its kind offering **guaranteed** and fully underwritten quotations online - why not give it a try?

It takes less than five minutes to get a quote. There are no estimates or waiting for a call back - just up-to-the-minute guaranteed figures clearly showing the annuity income available.

Client comment: 10 out of 10

"I was able to login and enter my details and medications quickly and easily. What I found particularly useful was that I was able to find my specific medication from the website itself. No routing around for prescriptions or finding the exact spelling, it was all available from a prescribed list.

I believe 7 in 10 people in the UK take similar medication so this is a real advantage.

I got live and fully underwritten quotes in a matter of minutes. I would give it a 10 out of 10."

What are my annuity options? Three main questions to get started

1 Do you want to take tax-free cash?

You can normally take up to a quarter of the pension value as a tax-free lump sum, and use the rest to buy an income (which you would have to pay tax on).

Choose how much tax-free cash to take

- No tax-free cash.
- Up to 25% tax-free cash.

3 Do you want your income to keep pace with inflation?

An annuity payment can stay the same, or increase each year. Having increases will mean you start with less, but can help protect against inflation. This is important, as you may be taking an income for 20 years or more.

Choose an option to increase your pension

- A level income (which does not increase - this offers no protection from inflation).
- An income linked to the Retail Prices Index (RPI).
- An income increasing by a fixed amount each year (typically 3% or 5%).

You should carefully consider how inflation will affect your income in future. It can make sense to have some kind of increasing income - or why not consider using a mix of annuity and drawdown?

2 What will happen to your income when you die?

This is one of the most common questions. Annuities continue to pay out for as long as **you** live. You can also choose to protect the income when you die, which may be very important if you are married or have financial dependants.

Choose a pension for your husband, wife or partner:

- 100%, 66% or 50% of your income can continue to be paid to your husband, wife or partner when you die. Your starting income will decrease, but you could receive more overall.

How much will your pension pay?

Compare incomes and options yourself at www.hl.co.uk/annuity. It's important to choose the right option as your annuity is set up for life.

If you have any questions, please call us on 0117 980 9940.

Important: if you are married or have a partner, it's essential you consider providing an income for them if you die. Otherwise they could be left with nothing.

- ✓ Or, choose no pension for a husband, wife or partner (a single life annuity) where income stops when you die.

Choose an option to guarantee income

- ✓ An income with no guarantee period at all. The annuity simply stops when you die.
- ✓ A guarantee period of five or 10 years.
- ✓ A money-back option, paid if you die before a certain age and have not had all the original capital back as income. (You would have to pay a 55% tax charge on this.)

Other things to consider

How often do you want income paid? You can choose your annuity to be paid every month, every three months, every six months or once a year - and have it paid at the start (in advance) or the end (in arrears) of each payment period.

Taking pensions as cash. You may be able to take some pensions as cash, if you prefer. This currently applies to small pensions and could apply to other pensions from April 2015. You can find out more on page 13.



*Client case study:
Mr Coe, Stockton-on-Tees*

Mr Coe used our service to buy an income that increases with inflation.

“I just wanted to say thank you for the enhanced RPI protected annuity quote received today. Thanks to you making it so easy I am going to receive an annual sum £2,500 greater than the lowest standard quote, and this is entirely down to your team. I remain hugely impressed with the service you provide.”



Client case study:
Mr Franklin, Middlesex

Client: Neil Franklin from Middlesex got thousands more using our service

“I read about HL in the paper and I used the online tool to get some annuity quotes. The figures were thousands of pounds better than my pension provider’s even though they were from the same insurance companies! Whenever I phoned the HL helpdesk I found it to be helpful and they always called back when they said they would.”

Consider your options carefully and call us on 0117 980 9940 if you have any questions. Once you are ready to go ahead, it is important to act quickly.

01 REASON ➔

- Annuity quotes are guaranteed for a short time - typically 14 days. The annuity provider will also need to receive the pension fund in that time.



02 REASON ➔

- Annuity rates can change regularly - they may go up or down in future.



03 REASON ➔

- Every month you delay means a month's lost income - this can be hard to make up again.



A man with grey hair and a beard, wearing glasses and a light blue button-down shirt over a white t-shirt, is sitting on the deck of a boat. He is looking down at a silver tablet device he is holding in his lap. The background shows the ocean and distant hills under a clear sky.

Best rates,
best service,
best information

Other options

An annuity provides a secure income, for however long you live. You won't find many other retirement plans which promise to do that. But what about the other options?



1. **Income drawdown.** This is the main alternative to an annuity. It allows you to take up to a quarter of your pension tax-free as a lump sum, and then take an income directly from the fund if you want to. The Government is currently consulting on removing these limits from April 2015.

You stay in control of the pension, which means you choose where to invest it, and how much income to take, within limits. This may appeal to you if you don't need a secure income. However, it may cause you worry or concern, and in that case income drawdown may not be for you. Unlike an annuity, which is guaranteed for life, income drawdown is not secure.

If things go well, income drawdown could increase your income. You keep your options open to take account of changing circumstances. There are options for passing the pension on to your loved ones when you die.

However, if things don't go well, which could easily happen if you take too much income or your investments don't perform as well as you expect, your drawdown fund will reduce and your retirement income will dwindle or even run out. Income drawdown is complex and if you are not sure you should take advice.

The pros and cons of income drawdown

Pros	Cons
✓ Choice and control	✗ Your income is not secure
✓ Potential for investment growth and a rising income	✗ Potential for investment losses and a dwindling income
✓ Keeps options open when you die - your dependants have a choice on how to take the remaining drawdown pension, including as a cash lump sum. (They would have to pay a tax charge - currently 55% - on this sum.)	✗ You could run out of money
✓ Flexibility to stop, start or vary income as you want, within limits, to meet your needs and circumstances	✗ This is a complex option and you can't just forget about it - you need to review the situation regularly.



2. If all of your pensions are under £30,000 in total, or you have individual pots of up to £10,000, you may now be able to take these as cash if you are over 60 and your pension scheme rules allow. The first 25% of the fund is tax-free, and you have to pay income tax on the rest. If you, like most people, need some form of secure retirement income, it is worth considering an annuity when making your decision. Don't forget, too, that taking a small pot as cash will mean you will have to pay more tax in the year you take it, and this could push you into a higher income-tax bracket.



3. Mix and match. You don't need to make a single choice. If you like, you can mix and match the options. You can set up a series of annuities. Or you can use an annuity for some of your pension to provide your essential living costs, and use drawdown for the rest, as long as you accept that income drawdown is not guaranteed.



4. Wait for further pension rule changes, expected from April 2015. More sweeping changes are expected, including proposals to allow everyone, from age 55, to take an unlimited income from their pensions. The first 25% will be tax-free but you will have to pay tax on the rest. Remember, these proposals could change.

Important notes

We offer our service without advice and have published this guide to help you make your own investment decisions. If you have any doubt about whether an investment is suitable for you, you should get expert advice.

The reliefs and state benefits that we refer to are those which currently apply. Tax rules may change and the benefits will depend on your circumstances.

Annuity quotations are guaranteed for a limited time, shown on the quotation. The pension money and paperwork must be with the annuity company by the date the quote expires to secure the rate. Annuity rates can change regularly and may go up or down.

An annuity is a long-term investment. Although you have the right to cancel, you only have a limited time to do so. Once set up an annuity cannot normally be changed or cancelled so it is important to consider your options carefully.

Lifetime annuities are covered by the Financial Services Compensation Scheme. This can act as a safety net if an annuity company was unable to meet its annuity obligations.

This booklet is based on our understanding of current pensions legislation which may change. Hargreaves Lansdown are authorised and regulated by the Financial Conduct Authority.

Before transferring a pension you should find out if you have to pay exit or initial charges or if you are losing out on any valuable benefits. You should carefully consider whether it will benefit you to go ahead and you need to be sure that benefits will be at least as good as the benefits you are giving up (for example make sure you will not be sacrificing defined benefits or guaranteed annuity rates).

Lifetime allowance: This is the total amount you can build up in pensions. It is measured when benefits are taken from the pension and at age 75. All private and work pensions must be taken into account, including any pensions from which you are already taking an income. The current lifetime allowance is £1.25 million (2014/15) so you will have to pay tax on anything above this level, unless you have registered for protection with HM Revenue & Customs.

Tax-free cash recycling: If you significantly increase pension contributions in the year you take tax-free cash from a pension or in the two years before or after, this may be seen as 'recycling' of tax-free cash and you may have to pay tax on it.

The options described in this guide are those generally available at the time of writing (April 2014). However, pension scheme rules can be more restrictive than legislation. Pension rules can also change - the Government is currently consulting on providing more flexibility at retirement from April 2015.

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**We have a panel of 10 providers that provide guaranteed rates online
but we can obtain quotes for you from the whole market:**



mgmadvantage



partnership



FriendsLife



A close-up photograph showing a person's lower legs and feet on a sailboat. They are wearing light-colored shorts and brown leather boat shoes with dark straps. Their hands are gripping the ends of a rope that is secured to a cleat on the boat's deck. The background is blurred, showing other boats and the water.

We are the UK's
largest broker with
access to the very
best deals for you.

How to contact us



Go online to compare our best annuity rates at
www.hl.co.uk/annuity



For more information, to discuss your options or
get a quote over the phone, call **0117 980 9940**.



Or email us at **pension.answers@hl.co.uk**

www.hl.co.uk/annuity

Why use Hargreaves Lansdown for your annuity?

- ✓ We offer only guaranteed quotes.
- ✓ Our enhanced annuity system allows us to give you enhanced annuity rates in minutes – a UK first.
- ✓ We have simple application forms and will help you with the paperwork.
- ✓ You will come straight through to a friendly expert based in Bristol.
- ✓ 98% of our clients rate our annuity service as good, very good or excellent (May 2013 client survey, 182 people responded).



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