



WHITEHALL

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SIPP Retirement Guideline



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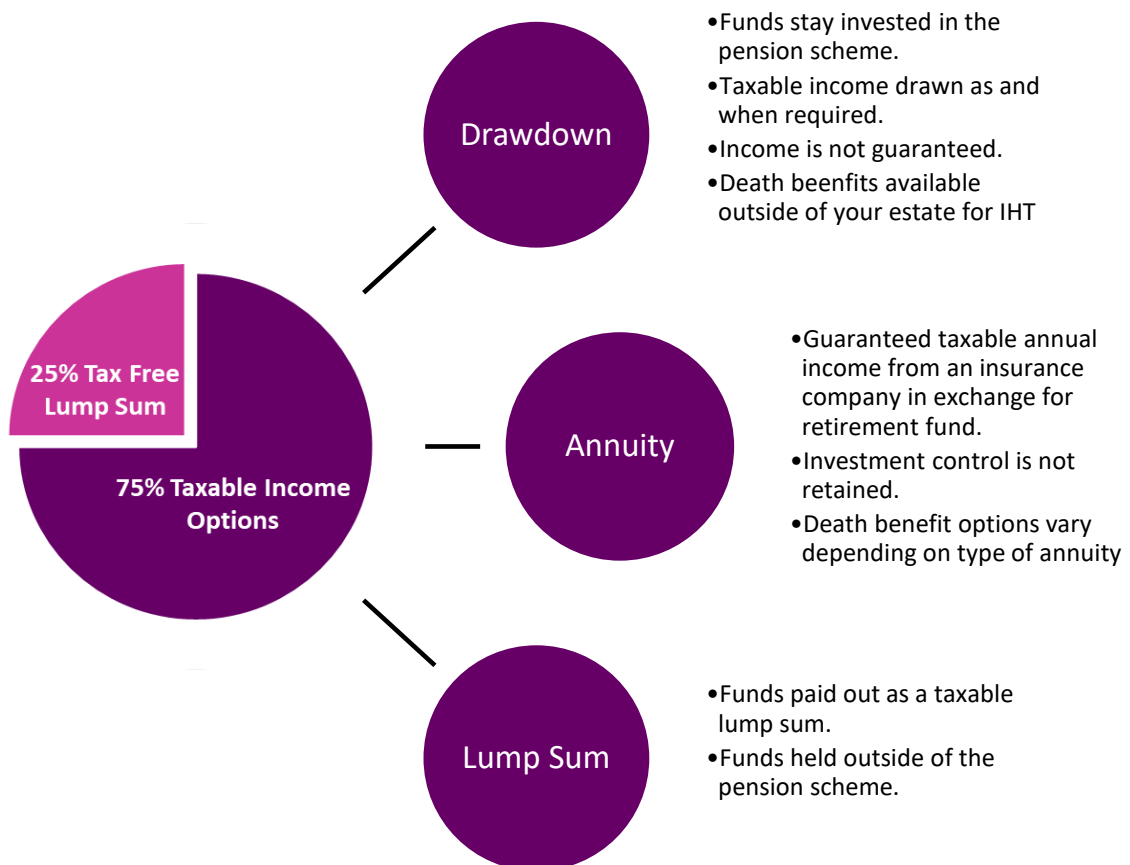
2. Introduction

These guidelines have been produced to assist you and your adviser with the options available for payment of retirement benefits from your SIPP. It does not cover retirement benefit options from other types of pension scheme.

Please note that we do not give financial advice and nothing in these guidelines should be considered as financial advice. The choices you make will affect your income for the rest of your life. If you are not being advised by a regulated financial adviser we strongly suggest that you seek advice from a regulated Independent Financial Adviser (IFA) or seek guidance from the Government's free advice service, the Money and Pensions Service www.moneyandpensionservice.org.uk before making any decisions on your benefits. If you do not already have a Financial Adviser, information can be obtained from www.unbiased.co.uk 0800 020 9430.

Your SIPP is a "Money Purchase" or "Defined Contribution" pension scheme. This means that the level of benefits payable on retirement or death is not fixed or guaranteed but is dependent on the amount of funds available for you when you retire or die. You can choose which retirement option is best for you.

3. At a Glance



4. Pension Age

Retirement benefits can commence at any age from age 55 (rising to age 57 from 6 April 2028). There is no upper age limit for drawing benefits. When your SIPP commenced, you will have specified a selected retirement age, but you don't have to draw retirement benefits at this time and can choose when to do so.

Ill Health Early Retirement

Retirement benefits can be drawn before minimum pension age of 55 on grounds of ill health. To pay ill health early retirement benefits, we must receive a letter from a registered medical practitioner confirming you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment. You must have already ceased to carry on your occupation at this time.

Serious Ill Health Lump Sum

If you have a life expectancy of less than one year, all your funds can be paid as a serious ill health lump sum. If this is paid after age 75, the lump sum will be subject to your marginal rate of income tax. If paid prior to age 75, it is paid tax-free. We must receive a letter from a registered medical practitioner explaining the nature of the illness and confirming life expectancy is less than one year. This must be provided before any benefits are paid. Payment of a serious ill health lump sum will be tested against your "Lump Sum and Death Benefit Allowance" (please refer to our guidelines on benefits on death).

5. Tax-Free Pension Commencement Lump Sums

Commencing retirement benefit withdrawals is called "crystallising".

You choose how much of your pension arrangement to crystallise and 25% of the value of the crystallised amount can be paid to you tax-free. This is called your "Pension Commencement Lump Sum". For example, if you crystallise £100,000, your tax-free Pension Commencement Lump Sum is £25,000.

The tax-free amount is only payable at the point you crystallise your fund. You have 365 days from then to receive your tax-free sum.

You have a maximum tax-free lump sum of £268,275 which is called your "Lump Sum Allowance".

If you have received any tax-free lump sums previously, these will be deducted from your Lump Sum Allowance.

There are a number of circumstances where a Lump Sum Allowance may be more than £268,275:

Pension Protection

You may have registered for a form of pension protection in the past. These entitle you to the following Lump Sum Allowances:

Protection Type	Lump Sum Allowance
None	£268,275
Enhanced Protection	£375,000
Primary Protection	£375,000
Fixed Protection (2012)	£450,000
Fixed Protection 2014	£375,000
Fixed Protection 2016	£312,500
Individual Protection 2014	Between £375,000 - £312,500
Individual Protection 2016	Between £312,500 - £268,275

If you wish to rely on any of the above protections, we will need a copy of your certificate and the reference numbers to ensure this is still valid.

Divorce

Where you have acquired pension benefits from a divorce, each case has its own unique circumstances and you will need to check your entitlement.

Transfers from an Overseas Pension Scheme

Again, for a transfer from an overseas pension scheme, each case has its own unique circumstances and you will need to check your entitlement.

Tax-Free Lump Sum Less Than 25%

In some cases, your tax-free lump sum may have been restricted to less than 25%. For example, a transfer of a fund on divorce to a new scheme for the ex-spouse, where the transferring scheme had already paid a tax-free lump sum.

6. Transitional Tax-Free Amount Certificate

- If you have withdrawn retirement benefits before 6th April 2024, we will usually reduce your available Lump Sum Allowance by 25% of your "Lifetime Allowance" previously used (the Lifetime Allowance was a rule that applied before the 6th April 2024).
- However, you can apply for a "Transitional Tax-Free Amount Certificate" if your previous tax-free lump sums were less than 25% of the percent of your Lifetime Allowance that you crystallised at the time.
- This may apply to people who have drawn benefits from a defined benefit (final salary) scheme, for those crystallising funds for the first time after age 75 and those who took benefits when the Lifetime Allowance was lower than £1,073,100 (i.e. from 2016/17 to 2019/20 tax years) and had no pension protection. In these cases, your actual tax-free lump sums paid could be lower than the standard assumption of 25% of the Lifetime Allowance crystallised.
- The Transitional Tax-Free Amount Certificate will allow us to deduct the actual tax-free sum you received from your Lump Sum Allowance, rather than 25% of the Lifetime Allowance you crystallised. This will mean you will benefit from your full Lump Sum Allowance.
- An application for a Transitional Tax-Free Amount Certificate must be made before any benefits are taken after 5 April 2024. You can apply to any registered pension scheme you are a member of and you must provide complete evidence of your previous tax free lump sums received.

7. Income Drawdown

The portion of your crystallised fund that was not paid as a tax-free sum (usually 75% of the crystallised amount) is called a "Flexi-Access Drawdown" arrangement. The funds remain in your SIPP under your investment control and you can withdraw from these funds in the amounts and frequency you want.

You pay income tax at your marginal rate on the amounts you withdraw.

The amount of income you receive is not guaranteed and once the Flexi-Access drawdown funds are exhausted there will be no further pension income available for you. The sustainability of income over your lifetime will depend on several factors, including investment returns and level of income drawn each year.

Features of Flexi-Access Drawdown

No minimum pension required

Ad-hoc income payments

Withdraw it all in one Lump Sum

Regular Income

You can change income levels at anytime

Can convert to an annuity at any time

Capped Drawdown

If you started income drawdown before 6th April 2015, you may still have drawdown funds under Capped Drawdown. This limits your annual pension to a maximum amount calculated every 3 years (annually after age 75).

Capped Drawdown allows you to continue contributing to your pension arrangements at a higher rate than Flexi-Access Drawdown (see below). You can convert to Flexi-Access Drawdown at any time if you don't want your pension to be restricted.

Investments

Income drawdown funds can continue to be invested as you choose. You may choose to maintain your current investment strategy, take advice on changing the investment strategy or self select investments to suit your income needs from the scheme. If you are unsure, there is information about ready-made investment pathways at moneyhelper.org.uk

We do not provide investment pathways and if you select this option you will need to transfer your SIPP fund to another pension company that offers pathway options.

Death Benefits

When you die with drawdown funds remaining, these are available to your beneficiaries as death benefits (please refer to our guidelines on benefits on death).

8. Annuity Purchase

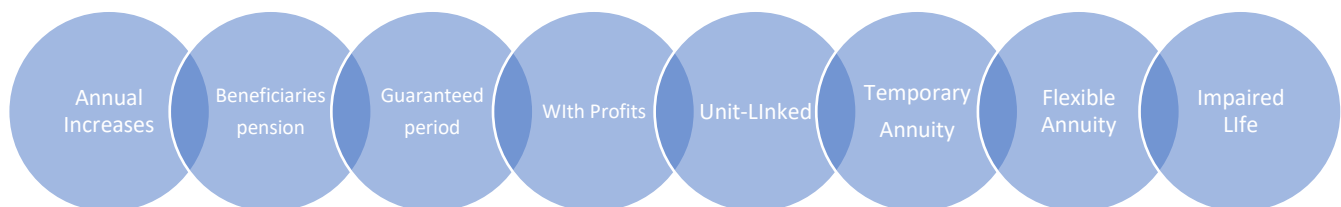
An annuity involves removing funds from your SIPP and giving them to an insurance company who will pay your pension. You can do this with all or only part of your fund.

You can choose any insurance company based in the UK. This is known as the "Open Market Option". Responsibility for payment of the pension and income tax lies with the insurance company and we are no longer accountable for these funds.

With a conventional annuity, when you die any of your fund that has not already been paid to you as a pension is kept by the insurance company within its annuity pool and is used to pay pensions to other annuitants.

The insurance company secures the pension by using your fund to purchase Government Gilts. For this reason the underlying level of pension is determined by long term Gilt yields at the time of the annuity purchase, but with additional factors taken into account depending on the features you select. If you want to consider an annuity option, we recommend being advised by a regulated financial adviser to help you search the open market.

There is a range of features you can select which include the following:



9. Pension Contributions Post-Retirement

Flexi-Access Drawdown

- Where you have only withdrawn a tax-free lump sum (no income drawdown), you can continue to pay pension contributions subject to the standard Annual Allowance or Tapered Annual

Allowance (for high earners) with carry-forward (Please see our guidelines on pension contributions).

- Where you have started income drawdown, your future pension contributions will be restricted to the reduced “Money Purchase Annual Allowance” of £10,000 per tax year with no carry-forward.

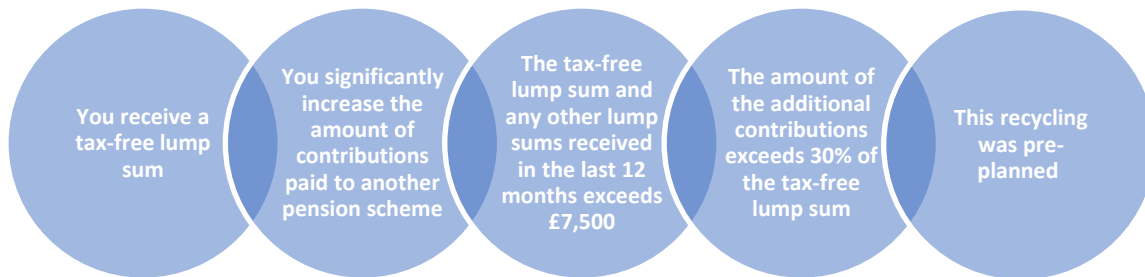
Protection

If you have Enhanced Protection or one of the Fixed Protections listed above, you were not able to contribute to any registered pension scheme before 6th April 2023 without losing the protection. From the 6th April 2023, provided you had applied for the protection before 15th March 2023, contributions can be made without losing protection.

Applications for Fixed Protection 2016 and Individual Protection 2016 can still be made until 5th April 2025, but no contributions can be made without losing the protection.

Tax-free Lump Sum Recycling

Regulations do not allow you to receive your tax-free lump sum and use this to increase contributions to your pension arrangements, thereby benefiting from tax relief on the tax-free lump sum. The rules are as follows:



If HM Revenue & Customs consider you have recycled a tax-free lump sum then the amount received will be taxable.

10. Income Tax and Pension Payroll

Your pension paid as income drawdown must be subject to income tax, but not National Insurance and must be paid via PAYE. Our fees for operating our pension payroll are outlined in our Schedule of Fees.

We will apply a rate of income tax using your existing tax code or P45 if you have one. If you do not know this we will apply an emergency basic rate tax code until HMRC advise us of the tax code applicable, which is used from then on. Any additional tax payable by you must be dealt with via your self-assessment tax return.

If you have overpaid income tax via pension PAYE there are forms available from HM Revenue & Customs for you to reclaim this.

It is your responsibility to ensure that sufficient cash is available to cover ongoing pension payments.

Our pension payroll can be paid monthly, quarterly, half yearly or annually, in advance or in arrears. Ad-hoc payments can also be made if required although there is an additional fee for these.

We pay your pension by BACS on 24th of the month. A payslip is issued to coincide with each pension payment and we issue a P60 after the end of each tax year.

Please note that no amendments can be made to a regular pension and no one-off payments can be arranged after the 16th of March in each tax year due to the Government's Real Time Information (RTI) requirements.

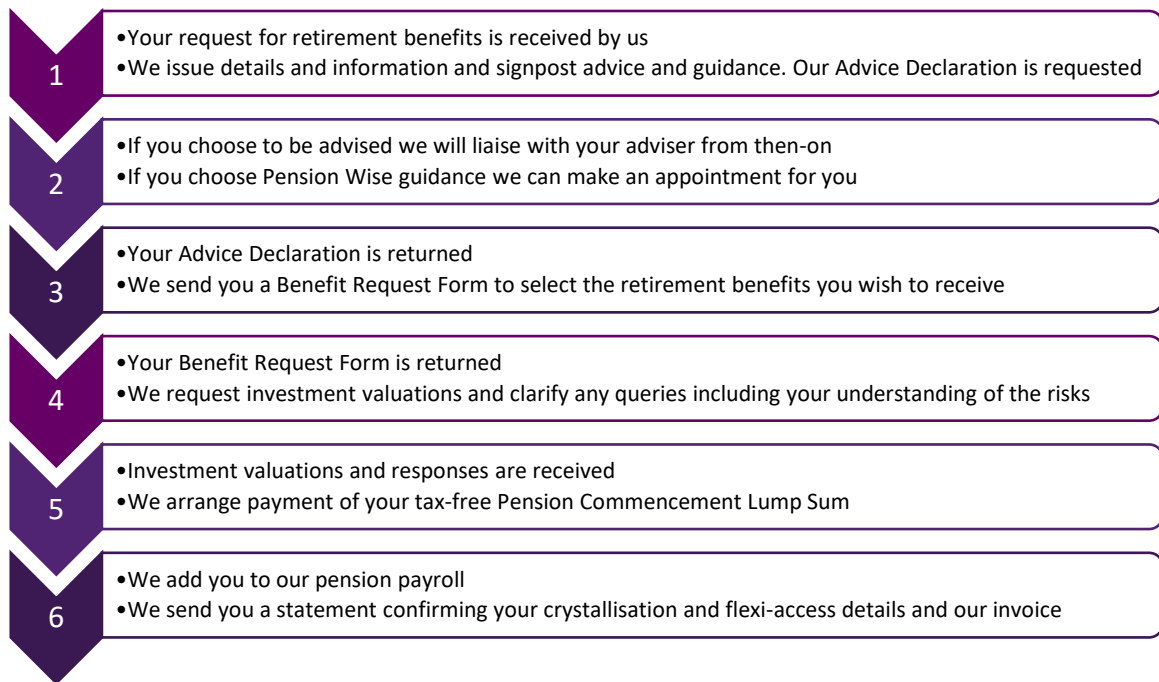
Overseas Residents

If you are a non UK Taxpayer who is resident in another country, then provided it has a double taxation agreement with the UK, you should be eligible to receive your UK pension gross, without deduction of UK income tax. You will need to complete a double taxation agreement claim form with the tax authorities in your country of residence and once approved by them, this should be submitted to HMRC in the UK for authorisation. The HMRC guidance notes and paperwork to apply for gross payments are known as HS304. We will need a copy of your HMRC authorisation to commence making gross pension payments. There are bank charges involved with making foreign payments which are deducted automatically from your cash account. It should also be noted that payment of pensions abroad can be affected by currency fluctuations.

11. The Process of Crystallising Retirement Benefits

Where you are being advised on your retirement benefits by a regulated Financial Advisor, we will correspond with them regarding the arrangements.

Where you are not being advised, we will liaise directly with you. The process is as follows:



If you have any queries regarding these guidelines, please get in touch.

These guidelines are based on our understanding of current law, regulation and HM Revenue & Customs practice, which are subject to change.

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