Your guide to taking your pension account

Making the most of your savings in Atlas

It's the beginning of a new chapter

With just six months to go until your Target Retirement Date (see page 25 for a description), it's time to start planning how you're going to spend the next phase of your life.

You're approaching the point where you should start thinking about making some important decisions.

You can think about all the plans and projects you've got in mind for this next stage. But you've also got to think about how you turn the money you've saved over your working life into an income or a cash sum (or both!) for your life after work.

This guide gives you more information. It tells you:

- What your different options are for your money
- What you might want to think about before you make any decisions
- What you need to do next

Please read it carefully as you think about how you want to use your money. As this is such an important decision, we strongly recommend you consider taking financial advice as well.

Additional support

As well as this guide, you can find [a][some] bite-size video[s] on our website that help explain the difference between the options available. Simply visit **www.atlasmastertrust.co.uk** and click on 'Using your pension account' to find out more.

If you're not sure whether you're ready to retire yet, start by looking at page 4, which will help you to think this through.

You can find out more about your Atlas pension account, including your investments, contributions and fund value by going to the Atlas website, **www.atlasmastertrust.co.uk**, and logging on to the Atlas member portal. If you can't find what you're looking for on the website, please contact the Administration Team using the details below.

We've tried to explain everything in this guide as simply as possible, but some areas of pensions are complicated. If you need help to understand any of the terms used, there's a guide to the most important ones on page 25.

Please note that the information in this guide does not constitute financial advice. Neither the Atlas Trustees nor the Administration Team can advise you on what choices you should make in connection with your retirement. You might want to take independent financial advice to help you decide what to do.

Atlas Administration Team

Call: **0345 121 3389**

Email: **memberenquiries@atlasmastertrust.co.uk**

Contents

Are you ready to retire?

Firstly – what do we mean by retirement? It can often mean different things to different people.

It could be when you stop working completely, to do those things you've always wanted more time to do. Or it could be as part of a more phased transition from full-time work to full-time leisure, where you start to take some of your savings but also carry on with some paid work.

Remember – you don't have to decide what to do straight away. Retirement doesn't have to be a one-off event. You can choose to take some money now and leave the rest where it is until you want to do something else with it. And if you've got a few different pension accounts, you don't have to take all of them at the same time. Your retirement can be as fixed or as fluid as you want.

Whatever you decide, there's a lot of flexibility about how you can use your Atlas pension account. Before you start, think about these questions:

Will you have enough to live on?

It makes sense to check this before you decide to stop working. Depending on your circumstances, you may be able to replace your income from working with other sources of income, for example:

- Money from your Atlas pension account
- Money saved with other pension schemes
- State Pension
- Other savings or investments
- Inheritance
- Equity Release Mortgage

Have you got any other pensions or savings?

You'll need to contact any other pension providers you may have, to find out what your pension from them might be worth and how benefits can be taken (different schemes may have different rules). If you think you have a pension with a previous employer that you've lost the details for, you can use the free Pensions Tracing Service to get back in touch **www.gov.uk/find-pension-contact-details**

If you have any pensions with previous employers, you might want to think about moving them all to the same place, to make it easier to manage. To find out more about transferring pensions into Atlas look at **www.atlasmastertrust.co.uk/saving-with-us/boosting-your-savings**

You can find out when you can get your State Pension, and how much it might be, at **www.gov.uk/state-pension-age**. Your State Pension age may not be the same age as your Target Retirement Date with Atlas, so it's worth checking out before you decide when to retire.

Your other savings and investments, as well as your expected expenses when you stop working, should also be taken into consideration. Will you have paid off the mortgage and have lower housing costs? Or higher heating bills if you're at home all day? Think about what you'll want to spend money on if you stop working, both now, and in the future as you get older. You can use the Budget Planner on the Atlas website to help you think about what you'll need in retirement. Go to **www.atlasmastertrust.co.uk/using-your-pension-account/budget-planner**

What will you do with your time?

The switch from working full-time to not working at all can be difficult to adjust to. You might want to think about whether you want to carry on as you are, stop work completely, or just reduce your hours or responsibilities.

As you read through this guide, you'll see that you don't need to take all your Atlas money at once, so think about whether you want a mixed income from a variety of sources. This can mean, for example, using some of your account to provide you with a lump sum now, and then using the rest later to provide an income via drawdown (Option 2) or an annuity (Option 3). Whatever you choose, you'll need to consider which option will be the best fit for your circumstances.

Your choices

This section explains the different ways you can use the money in your Atlas pension account.

The earliest you can take money from your account is age 55, although this is expected to increase to 57 in 2028 when the State Pension age rises to 67. We will have a Target Retirement Date for you on our system, and if you have chosen a lifestyle strategy, this date will determine when your investments are switched between funds.

If you want to change your Target Retirement Date, you can visit the website **www.atlasmastertrust.co.uk** to log on to the Atlas member portal.

If you aren't planning to take your benefits now and you've chosen a lifestyle strategy, you should consider changing your Target Retirement Date to ensure funds are switched in line with this. We always recommend that you review the funds you're invested in to ensure they meet your requirements and plans.

Ultimately the decisions you make are your own, but we recommend you think about contacting an authorised financial adviser. Details of IFAs can be found by visiting **register.fca.org.uk**

Do you have dependants?

Do you have a spouse, or a partner? Do you have children, or anyone financially dependent on you? You might want to consider what they could get if you were to die.

This will vary depending on how you decide to use your pension account. Under each option, we've included some information about what happens to your money if you die.

Lifetime Allowance note:

When you use any of the money from your Atlas account, the amount that you take will be checked against the Lifetime Allowance (LTA).

The LTA is unlikely to affect you unless you have pension savings over £1 million, but you will need to tell us about any pension benefits you've already taken before we pay out money from your Atlas pension account, so that we can check you've not exceeded the LTA.

Money Purchase Annual Allowance note:

You also need to be aware that if you choose a cash lump sum or income drawdown (options 1 or 2), then the amount you can save into another DC scheme (like Atlas) in any one year will be capped at £4,000. This is known as the Money Purchase Annual Allowance (MPAA) and you will have to pay a tax charge if you exceed it. If you do trigger the MPAA, you will therefore have less scope to rebuild your pension (if you aim to do that).

Your choices

Option 1 – Cash lump sum payment

Take some, or all, of your pension account as a single lump sum or multiple lump sums. Any money you don't take will remain invested.

If your pension account is worth less than £10,000, you can take it as a 'small lump sum' payment. See Option 1a on page 11.

Option 2 – A series of payments (known as drawdown)

Gives you an income (some of which may be tax-free) while your money remains invested.

Option 3 – A regular income for life (known as an annuity)

You swap your pension account for a guaranteed income.

Option 4 – Mix and match

You can do a combination of options 1 – 3, and mix and match to suit your circumstances.

All entitlements to benefits are subject to the rules that govern Atlas (known as the Trust Deed and Rules) and any laws and legislation around pensions now and at the time you take your pension. The benefits provided by Atlas are subject to overriding tax and pensions legislation.

At a glance

Below is a quick summary of each option so you can see how they compare. Make sure you read the details in each section carefully as well when you're making your decision.

	Option 1 Cash lump sum payment(s)	Option 1a A small lump sum payment	Option 2 Drawdown income payments	Option 3 Annuity (income for life)
Guaranteed income for whole of retirement?	No	No	No	Yes
Chance to continue to gain from investment returns?	Yes – if you don't take the whole account as a single lump sum	No	Yes	No
Benefits payable on your death?	Yes – if you don't take the whole account as a single lump sum	No	Yes – if there's money in your account when you die	Yes – if you choose them
Taxable benefit?	Up to 25% of your pension account can be taken tax free	Up to 25% of your pension account can be taken tax free	Yes – taxed as earned income	Yes – taxed as earned income
Counts towards your LTA?	Yes	No	Yes	Yes
Limits future DC savings to £4,000 per year?	Yes	No	Yes – once you start taking payments	No
Risk of moving into a higher income tax bracket?	Yes	Yes – if you are within £7,500 of the next threshold	Only if you take a large payment in any given year	Yes – depending on other income you may have

Option 1 – a cash lump sum payment

You may see this called an 'uncrystallised funds pension lump sum' or 'UFPLS' in other pension literature.

What is it?

You could take your whole pension account as a single cash lump sum.

You can also choose to take it as multiple lump sums over your lifetime. Whichever way you choose, 25% of each lump sum taken will be tax free.

What does that mean?

With a single cash lump sum, you can take all your pension account straight away and use the money as you wish.

If you choose to take multiple lump sums, you take a proportion of your savings each time, leaving the rest of your pot invested until you take another lump sum.

What happens if you choose this option?

When you take your cash lump sum, you get the first 25% of it tax free, and the rest is taxed as income. This will happen whether you take it as one lump sum, or several lump sums.

You'll need to think about the tax impact of taking a cash lump sum: if it's one large sum, it may move you into a higher tax band and you might end up paying more tax. In this case, you may want to consider taking several cash lump sums spread out over more than one tax year.

When do you get your money?

Your payment will be made on the next available monthly payroll date once we've received and processed all the relevant information. In some cases you may have to wait for several weeks before receiving this income, so please plan ahead and give us your instruction as soon as you can.

Do your loved ones get any death benefits if you die after you've taken your money?

If you take all the money from your pension account as a single lump sum, there will be no further benefits payable to your spouse or anyone else you have nominated to receive benefits on your death. However, if you only take part of it, the rest that remains invested can be paid to someone on your death. This is normally paid tax free if you die before age 75 and taxed as income if you die after.

Is it a good idea to take a cash lump sum?

The increase in average life expectancy means that many people are living longer. If you are thinking about taking a cash lump sum from your Atlas pension account, make sure you've thought about what you're going to live on once you've spent that money, as you're likely to need an income in retirement.

Are there any charges?

There are no charges associated with taking a cash lump sum.

Are you able to take just a portion of your pension account as a cash lump sum?

Yes. You can take multiple lumps sums as part of Option 1.

Is there anything else you need to be aware of?

If you plan to take a cash lump sum to invest it somewhere else, check it's the right thing for you before you instruct us. For example, you should check how safe it is and what charges there are. It may be cheaper for you to leave it where it is until another time. Similarly, beware the scammers that often operate in these markets; if it sounds too good to be true or if you can't get all the information you want, check out the adviser and the product they are recommending.

If you take a cash lump sum under this option you will trigger the MPAA (explained above) immediately, so any further pension savings will be restricted to £4,000 before you pay a tax charge.

Example

Derek has another pension in a different scheme that he thinks will give him enough to live off in retirement. Over the last ten years of his working life he's been paying into Atlas and has saved up £50,000 in his pension account. He decides he'd rather use this money to pay off some debts and buy a camper van for his retirement.

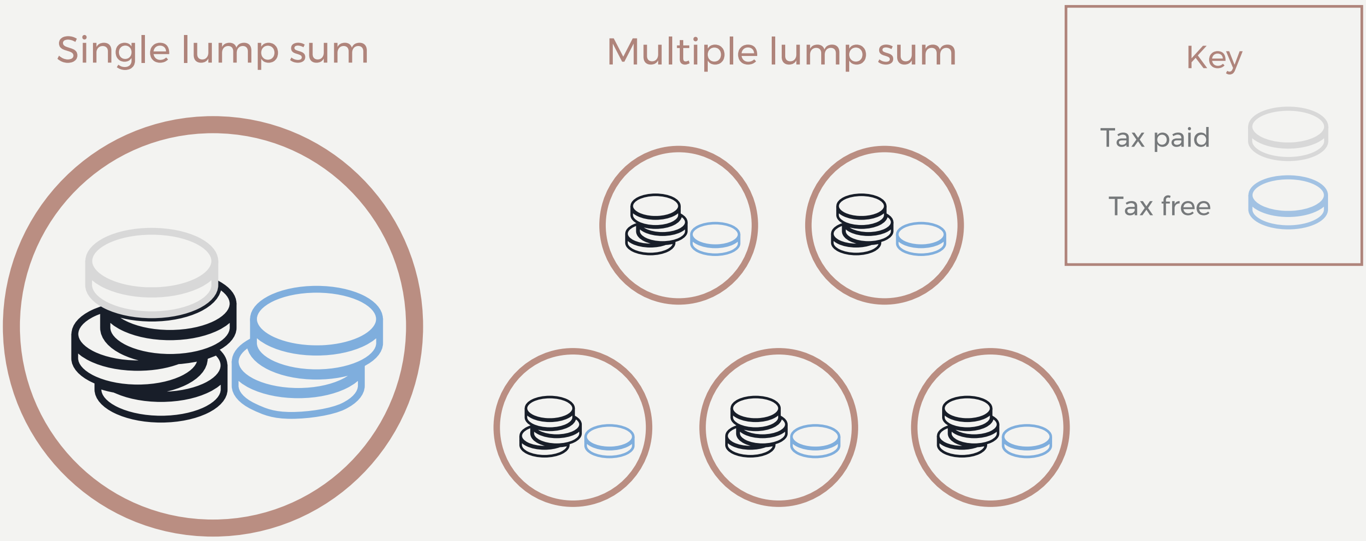
If Derek takes this money as a single lump sum:

- 25% (£12,500) is tax free and he'll pay tax on the other £37,500.
  If he has no other income in that tax year, he'll pay income tax of £5,000 * and so only receive £32,500.

If he takes it as 5 lump sums of £10,000 each over 5 years:

- Each year he'll get 25% (£2,500) tax free and pay tax on the other £7,500.
  If he has no other income in each of those tax years, he'll pay no income tax *.

* Examples based on tax rules in place for 2021/22 tax year.



Option 1a – taking a 'small lump sum' payment

If your pension account is worth less than £10,000, you can take it as a 'small lump sum' payment.

25% of this sum will be tax free, and the rest taxed as income. Taking all your savings as a lump sum like this does not make you subject to the Money Purchase Annual Allowance (see page 27). And your lump sum does not count towards your Lifetime Allowance.

When will you be paid your money?

Your payment will be made on the next available monthly payroll once we've received and processed all the relevant information. In some cases you may have to wait for several weeks before receiving this income, so please plan ahead and give us your instruction as soon as you can.

Is it a good idea to take a small lump sum?

Once you have taken your small lump sum you will not have any other benefits from Atlas. You will need to think about what other pensions or savings you have to give you an income in retirement.

What is right for you is a personal thing. But we recommend you get financial advice before you make any decisions about your pension, as you won't be able to change your mind after the Administration Team has started to put your decisions into action.

Are there any charges?

There are no charges associated with taking a small lump sum.

Lifetime Allowance note:

Taking your pension account as a single cash lump sum or multiple cash lump sums contributes to your LTA.

Your cash lump sum cannot be any more than the amount of LTA you have remaining.

Money Purchase Annual Allowance note:

Don't forget that if you take a cash lump sum and decide to pay into Atlas, or another money purchase pension scheme, the amount you can pay in each year is limited.

Option 2 – a series of payments (drawdown)

You may see this called 'Flexi-access drawdown' in other pension literature.

What is it?

You can use your pension account to give you an income while you keep the rest of your money invested. We often refer to this as 'drawdown' (because you 'draw down' your income as and when you need it). The main differences between this option and Option 1 are:

- You can move your money into a drawdown account and take 25% of it tax free without taking any other money at the same time. If you do this the money purchase annual allowance won't apply to you, until you start to take some money as income.
- When your money is in a drawdown account, you can set it up so you receive regular payments like an income, rather than having to request payments each time you want to take some more money out.

What does it mean?

With drawdown, you can keep investing some of your pension account to try and increase its value until you need to take it. You can take money out of your pension account until it runs out, or you can decide to use the rest of your pension account to take a different option.

What happens if you choose this option?

Option 2 can work in two different ways:

(1) You can choose to take part or all of your pension account for drawdown and convert it to a separate drawdown account within Atlas. 25% of the funds you choose to use for drawdown can be paid as a tax-free lump sum and the rest will be taxed as income as you're paid it.

You can choose to have an income paid from the money in your pension account. You choose the amount and how often you want it paid – for example monthly or quarterly. Going forward you can also change the amount and how often you are paid if you wish. Clearly, the more you choose to draw down each year, the faster your remaining pot will become exhausted and could run out while you still have a need for income. Also keep in mind that investment growth isn't guaranteed – your remaining pot could fall in value too.

(2) Alternatively, you can just take some of your account as a lump sum, of which 25% will be paid tax free, and leave the rest of your pension account invested.

When do you get your money?

We'll pay your money directly into the bank account you specify. Payment will be made on the next available monthly payroll date once we've received and processed all the relevant information and you are able to take your benefits. In some cases you may have to wait for several weeks before receiving this income, so please plan ahead and give us your instruction as soon as you can.

Do your loved ones get any death benefits if you die after you've taken your money?

On your death, any money left in your pension account can be paid (at the Trustees' discretion) to the people you nominate on an expression of wish form. If you have taken all the money from your pension account, there will be no further benefits payable. Your nominated beneficiaries will be able to keep drawing an income from your drawdown account tax free if you die before you're 75, otherwise they will pay income tax on withdrawals.

Is it a good idea to draw down your pension account?

The drawdown option offers you choice around how often you receive your money, and how much you want. It is more flexible than a regular income for life (known as an annuity (see Option 3)), where the amount is agreed at the outset, but can also be riskier. This is because in drawdown, your pension account stays invested. This means it has the chance to continue to grow and make you more money, but also could reduce in value, depending on how it is invested.

You will need to think about how much responsibility you want to take for continuing to manage your investments and deciding how much to take out of your account at a time. If too much money is taken too quickly or your investments do badly, then you may find you have very little left to live off. Alternatively, if your investments do well, you may find you're better off in the long run. You'll also need to think about the charges associated with keeping your account invested. Atlas has a couple of specific drawdown investment funds for you to choose from; you can find out more in the investment guide.

Drawdown doesn't have to be a permanent arrangement. You can draw down your account for a while and then choose to do something else with any remaining money.

What are the tax implications?

Any payments made to you after the tax-free element will be taxed like they are income. Until we receive a tax code from HM Revenue and Customs for you this will be taxed using the emergency code.

You'll get more information about tax when you are paid your lump sum. You will need to think about your tax circumstances and the effect taking any payments will have on the tax you pay in a particular tax year. If you take high amounts of income withdrawal in a single tax year, there is a possibility you may have to pay a higher rate of tax for that tax year.

What are the charges?

While your pension account is invested, you will continue to pay Management Charges, which vary depending on the investment funds you choose. Importantly, we do not charge you any more for taking income drawdown than beforehand. Whilst there are no specific charges for being in drawdown, we reserve the right to charge an administration fee if you choose to change your income more than four times in a 12-month rolling period.

Is there anything else you need to be aware of?

If you plan to take a lump sum to put in another investment vehicle, check it's the right thing for you before you take the lump sum. For example, you should check how safe the new investment is and what the charges are. Similarly, beware the scammers that often operate in these markets; if it sounds too good to be true or if you can't get all the information you want, check out the adviser and the product they are recommending.

You can take the tax-free lump sum without triggering the Money Purchase Annual Allowance (MPAA) which means you can still invest without being subject to the £4,000 cap. This will mean that your Annual Allowance (AA) will be the full amount which as at 2021/22 is £40,000. For more details about the AA and the MPAA and how they work, go to page 27.

Example

Priya has £150,000 saved in her Atlas pension account and wants to use it to draw down an income in retirement. She's also interested in working part-time for a few years before retiring completely and won't receive her State Pension until she's 67 years old.

When she reaches age 65, she moves to part-time working and a new house to set herself up ready for retirement. She decides to put her £150,000 into drawdown and take 20% of the money as tax-free cash to help pay for the house move and provide some money towards living expenses.

She gets £30,000 tax free and leaves 80% (£120,000) invested.

She continues to pay into her pension from her part-time salary and can pay in more than the £4,000 Money Purchase Annual Allowance as she's not taken any income from her drawdown account yet.

The £120,000 invested in her drawdown account varies in value over the next two years, but overall makes a return of 3% - giving her £123,600 in her drawdown account. She moves the other money she's saved while she continues working into her drawdown account too, giving her a further £1,000 as tax-free cash and adding £3,000 to the total – she now has £126,600.

At age 67 she starts receiving her State Pension and sets up her drawdown account to pay her an additional £500 per month, with plans to review it regularly and vary her

Lifetime Allowance note:

When you agree to funds being put into drawdown a test will be carried out to make sure you haven't exceeded your Lifetime Allowance for pension savings.

Money Purchase Annual Allowance note:

Don't forget that if you take an income from funds that are in drawdown and you then decide to pay into Atlas, or another money purchase pension scheme, the amount you can pay in each year is limited.

Option 3 – a regular income for life (which can include a lump sum payment)

This is often known as an annuity or annual pension.

What is it?

It's an income that will be paid for as long as you live (and maybe even after that, if you choose).

What does that mean?

You can use your pension account to buy a regular income from an insurance provider. This is often known as **an annuity**. There are many different types, and how much you get depends on the amount of money you've built up in your pension account, the type of annuity you choose, and whether you shop around.

What happens if you choose this option?

You will need to make a few choices, so you get the right type of annuity. Your options could include:

- **a joint life annuity** – one that pays an income to you and then to a spouse or partner when you die. This might be valuable if your spouse or partner doesn't have a pension of their own.
- **a guaranteed payment period** – so, as well as it being paid for the rest of your life, your pension will be guaranteed to be paid for a set period, even if you die during that period. Guarantees are normally five or ten years, so if you died, say, three years after your pension started to be paid, your loved ones would receive your income for another two years (if you have a five-year guarantee).
- **an escalating annuity** – one that increases slightly each year. This can be in line with an inflation index (such as the Consumer Prices Index), or a set percentage. This means that the buying power of your income stays the same and does not decrease over time as prices increase.

Enhanced (also known as impaired life) annuities - if you have a health condition or lifestyle that might reduce your life expectancy (if you're a smoker, have high blood pressure etc), then you may be able to get a larger pension as it will be expected to be paid for a shorter time. You have all the same options that are shown above. Before you can buy an impaired life annuity, you will have to provide medical evidence and receive a medical from a doctor assigned by the annuity provider.

Depending on the type of annuity you buy, the cost may vary. So, it's worth investigating what would give you the most money when you need it. An escalating annuity might start slightly lower, but will increase over time, but a flat, non-increasing annuity will pay a higher income at the start, but won't increase, so might not keep track with the cost of inflation.

You can use all your pension account to buy an annuity. Alternatively, you can take up to 25% of it as a tax-free cash lump sum and get a smaller annual income.

This option pays you a guaranteed income for life. Any money you get from your annuity will be taxed as income.

When do you get your money?

Once we have details of your chosen pension, we'll disinvest your funds and pay them to the annuity provider. If you've chosen to take a lump sum as well, it'll be paid to you after the rest of your pension account has been paid to the annuity provider.

Do your loved ones get any death benefits if you die after you've taken your money?

It depends on the type of annuity you buy. If it has a spouse's or dependant's pension included, then they will get a pension after you die. You can decide whether to buy a spouse's pension when you buy your annuity.

Is it a good idea to buy an annuity?

Once you've bought your annuity, your income is fixed for the rest of your life at the rate you've agreed with the provider. It can't be changed, and you can't get your money back. This option can give you a lot of security, with a fixed income that will be paid for your entire life, but it can cost much more to purchase this security, meaning your income may be lower than it may be with drawdown.

Are there any charges?

If you choose an annuity, Atlas can refer you to their chosen annuity provider, LV=. Any charges for buying an annuity with LV= will be confirmed by LV= if you request an annuity referral. You also have the option of taking an open market option annuity with a provider of your choice. An open market annuity is an annuity you buy yourself (or with help from your financial adviser). This means you do not use LV=, Atlas' chosen annuity provider to buy your annuity.

Is there anything else you need to be aware of?

There are lots of annuity providers out there, and the difference in income can be significant (especially where impaired life annuities are concerned) so we recommend you shop around for the best deal. You can see the full range of market providers online. You may find the Money Advice Service's comparison tool helpful at:
www.moneyadviceservice.org.uk/en/tools/annuities

You will need to input some personal information, the value of your pension account and the amount of lump sum you wish to take.

Example

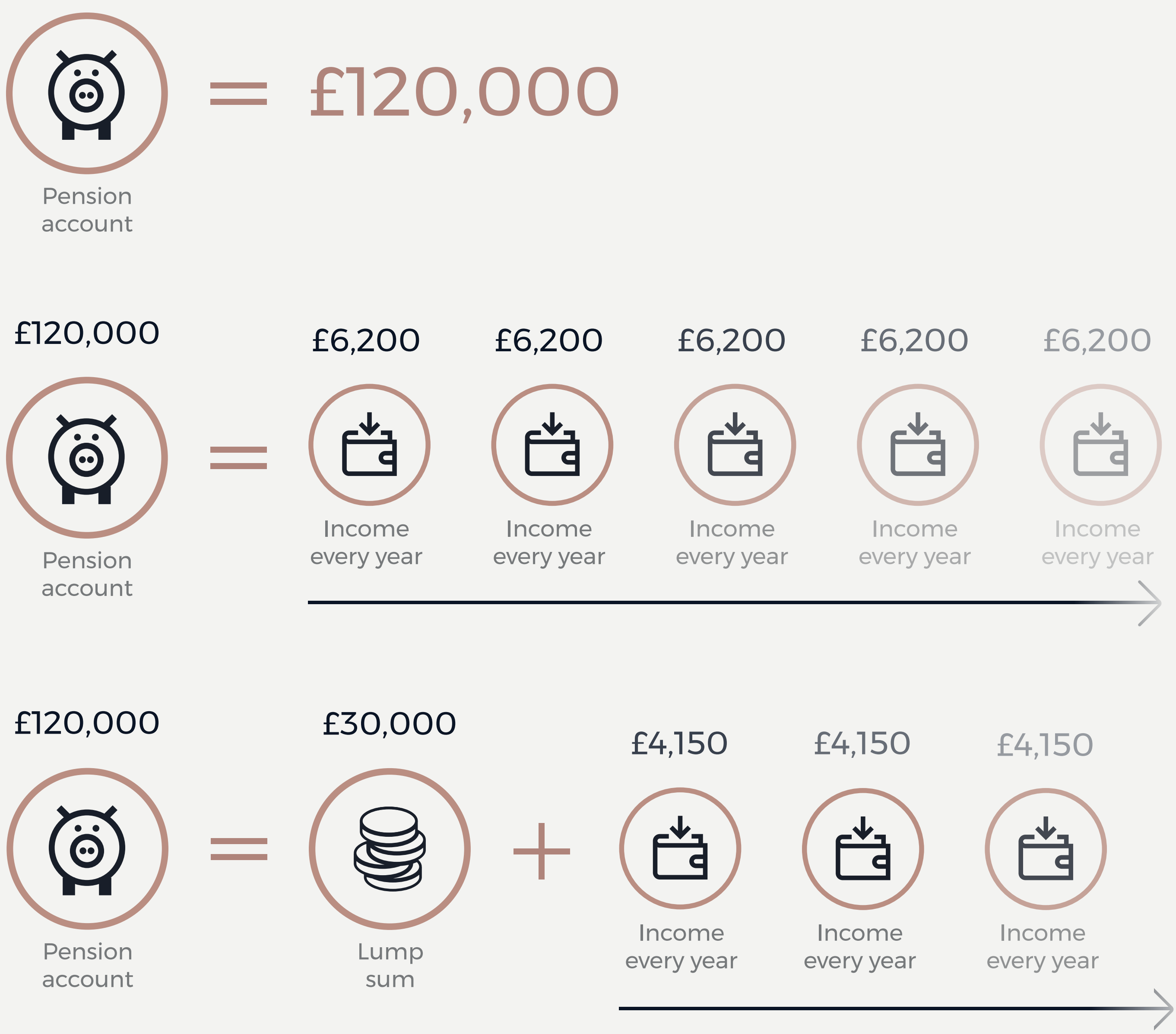
Joe wants the security of an annuity and knowing what his income will be each month. He has £120,000 in his pension account.

If he uses all of it to buy an annuity with no guarantee period or increases once in payment, he could get around £6,200 per year.*

He decides he'd rather take 25% of it as a tax-free cash sum and provide a pension for his wife if he dies before her. This means he gets a £30,000 lump sum and has £90,000 to spend on his annuity.

Using his £90,000 and getting a pension paid on his death will give him an annuity of around £4,150 per year.*

*Figures are taken from **www.moneyadviceservice.org.uk/en/tools/annuities**. Try putting in some different options for your money and personalising it with your health information to give you an idea of what you could get.



Option 4 – you can mix and match

You don't have to choose just one of the options. You can choose to take a mix of each of the options available.

If you choose a mix of the options, you can usually still take 25% of your pension account as tax-free cash.

But if you do choose to do this, take some time to think about how your tax may be affected. Don't forget that if you use your pension account and choose to carry on paying into Atlas, or another pension scheme, you may become subject to the Money Purchase Annual Allowance. See page 27 for more details.

We would always recommend you seek financial advice before you make any decisions, as once you've decided you may not be able to change your mind. Visit **register.fca.org.uk** for further information.

A mix and match example

Sally is 65 and has £250,000 in her Atlas pension account. She doesn't want to fully retire until she's 68, when she'll start receiving her State Pension. She decides to work towards that by reducing her hours at work and using her pension account to top up her income.

She allocates £50,000 to a drawdown fund, taking 25% of it (£12,500) as tax-free cash. She uses the cash to pay off her mortgage, and the rest to give her an income of £1,000 per month for the next three years.

When she's 68, she stops working. Because of continued contributions and investment growth, her main pension account is now worth £220,000. She takes 25% of it as a tax-free lump sum to fund home improvements, and uses the rest to buy a regular income for life (an annuity). She also takes the remaining money out of her drawdown account to pay for a holiday to celebrate her retirement.

Example

£250,000

3 years
65-68

Less hours and responsibilities at work

£50,000
drawdown fund

25%
tax free

£12,500
put towards the mortgage

£37,500
for an income for 3 years

£1,000
a month

£200,000
stays in pension account

At 68
years old

Remaining drawdown fund used for a holiday

£220,000
in her pension account

25%
tax free

£55,000

Buys an annuity with the rest

Consolidate your pension accounts

Transferring in

If you've got other pensions elsewhere, you might find it easier to manage them if they were all in one place. You should consider transferring them into your Atlas pension account before you take any benefits from them, so they're all under one roof. Once they're all in your Atlas pension account, you can then decide what to do with them. Many other providers don't offer the same retirement flexibility that Atlas offers, and Atlas can provide you with a complete solution to all your needs. You might need to take independent financial advice before transferring in.

If you want to move all your pensions into Atlas, then please contact the Atlas Administration Team for help.

Atlas Administration Team

Call: **0345 121 3389**

Email: **memberenquiries@atlasmastertrust.co.uk**

Transferring out

Alternatively, you might want to transfer your benefits out of Atlas into another pension arrangement. Please note that if you do, there will be no further benefits payable from Atlas.

We would always recommend you seek financial advice if you're thinking about transferring in or out of Atlas, or before making any decisions, as once you've decided you may not be able to change your mind. Visit **register.fca.org.uk** for further information.

Next steps

This guide gives you information about your options at retirement. Once you've read it, you need to:

(1) Decide if you're ready to retire

If you've read through this and decided you don't want to use the money in your pension account just yet, that's fine. But make sure you let us know that you want to change your Target Retirement Date. You can do this using the Atlas member portal – just go to **www.atlasmastertrust.co.uk** to log in – or by contacting the Administration Team directly.

If you're changing your Target Retirement Date, don't forget to look at where your money is invested. It's very important that you think about this. You don't want your pension account losing its value. Use the investment guide and **www. atlasmastertrust.co.uk** for extra support when you are updating your investment choices.

As you approach your updated Target Retirement Date, you'll automatically receive a new retirement pack like this.

(2) Choose your retirement option(s)

If you have decided you want to start taking some of your pension account, you need to let us know which of the retirement options you'd like to take. You can do this by returning the form enclosed in this pack, or by contacting the Administration Team directly. They will arrange for you to receive a quotation based on your chosen option(s) which will include all the details of how much you will get and the forms you need to complete to retire.

(3) Get a transfer quote

You may decide that you want to transfer your money from Atlas to another provider. There are no charges for transferring – your transfer value will be the same value as you have in your account on the day we make payment. If you want to get a formal transfer value, contact the Administration Team using the details below. They will then provide you with a retirement quote and the forms you need to transfer your pension account.

What if you don't do anything?

If you don't take any action, **we will not contact you again** about retiring. You will continue to get annual updates and regular Trustee communications. Your savings will remain invested in line with your current investment choices or lifestyle strategy. We will write to you about your pension if you haven't taken your benefits before you reach age 75.

When do you get your money?

Once we have received all of the forms we need for your chosen retirement option and all of our requirements have been met, payment of your benefits can take up to eight weeks in accordance with the monthly payroll cut-off dates. We've included an example timeline on the next page to help you see how the process works.

Don't forget that you can find out more on the Atlas website:

Example retirement timeline

6 months
from Target Retirement Date

Retirement pack explaining your options provided

4 months
from Target Retirement Date

You return form confirming the options you're interested in

3 ½ months
from Target Retirement Date

Further information and forms provided

3 months
from Target Retirement Date

You return complete forms for your chosen option

Over the next eight weeks

Annuity	Drawdown	Lump sum (UFPLS)
Chosen provider contacted	You provide details of your requirements	Funds disinvested
Quote and requirements confirmed	Requested funds moved to drawdown account	Payments made
Funds disinvested	Payment schedule set up (if requested)	
Payment made to provider	Pension Commencement Lump Sum amount paid	
Provider sets up payments to you		
PCLS (if requested) paid		

Where to get help

Atlas Administration Team

If you have any queries about your benefits with Atlas, or have any questions about the information provided in this pack, then you should contact the team at:

Address:
Atlas Master Trust
PO Box 555
Stead House
Darlington
DL1 9YT

Telephone: **0345 121 3389**
Website: **www.atlasmastertrust.co.uk**
Email: **memberenquiries@atlasmastertrust.co.uk**

Financial Conduct Authority (FCA)

The FCA is the conduct regulator for financial services firms and financial markets in the UK. They ensure that financial markets work well so that consumers, like you, get a fair deal.

Website: **ww.fca.org.uk**

The Pensions Regulator (TPR)

TPR monitors the running of occupational pension schemes in the UK. In general, it will act if irregularities in the running of the scheme are brought to its attention.

Telephone: **0345 600 1011**
Website: **www.thepensionsregulator.gov.uk**

The Pensions Ombudsman (TPO)

TPO investigates and decides upon complaints and disputes involving work-based and personal pension schemes.

Telephone: **0800 917 4487**
Website: **www.pensions-ombudsman.org.uk**

The Pension Tracing Service

This service helps people who have lost touch with an old pension scheme by tracing it for them free of charge.

Telephone: **0800 731 0193**
Website: **www.gov.uk/find-lost-pension**

Government information

This is a useful source of information from the government on pensions.

Website: **www.gov.uk/browse/working**

HM Revenue and Customs (HMRC)

HMRC governs the tax paid by members of registered pension schemes. You can find out more information and guidance from HMRC about tax and pensions on their website.

Telephone (for income tax queries): **0300 200 3300**
Website: **www.gov.uk/log-in-register-hmrc-online-services**
Website: **www.gov.uk/tax-on-your-private-pension**

Your State Pension

Further information regarding your State Benefits can be obtained from **www.yourpension.gov.uk**

MoneyHelper

MoneyHelper joins up money and pensions guidance to make it quicker and easier to find the right help, MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise. If you're aged 50 or over, Pension Wise offers free, impartial guidance on your retirement options.

Telephone (Pensions Helpline): **0800 011 3797**
Website: **www.moneyhelper.org.uk**

Finding a financial adviser (IFA)

You can find an IFA in your area by visiting:
www.moneyadviceservice.org.uk/en/categories/getting-advice-about-retirement

An IFA may charge you for their services, so you should check beforehand.

Is there anything else you need to be aware of?

If you would like some advice on your pension you should speak to a retirement adviser. The Financial Conduct Authority (FCA) website provides details of retirement advisers that have been authorised and are regulated by the FCA.

Visit **register.fca.org.uk** to find an adviser in your area.

Pension Scams warning You need to be alert to the warning signs for pension scams, where scammers try to persuade pension savers to transfer their entire pension savings, or to release funds from it, by making attractive sounding promises they have no intention of keeping.

The Pensions Regulator has issued a leaflet 'Don't let a scammer enjoy your retirement'. You can find a copy of this, together with other information on the warning signs to look out for, on their website at **www.thepensionsregulator.gov.uk/en/pension-scams**

If you receive an unwanted call about your pension, you can report it to the Information Commissioner's Office. You should take the name of the caller and company and record the telephone number. You can report them online at **www.ico.org.uk/make-a-complaint** or by calling **0303 123 1113**.

Words and pensions terms you'll need to know

As much as we try to avoid using them, the pensions world has a language all of its own, including some types of tax which are unique to pensions, and we think you'll find it useful to know what some of these terms mean.

Defined contribution scheme

A defined contribution or DC scheme (sometimes known as a money purchase scheme) is where you build up a pot of money by paying in contributions, usually on a regular weekly or monthly basis. The contributions are invested so that they can benefit from investment returns. Usually any contributions (payments you or your employer make) as well as any investment returns are not taxed. Your pension account is held within Atlas, which is a DC scheme.

Target Retirement Date

This is the date you are expecting to retire. Your Target Retirement Date is just that: a target. You don't have to retire on that date. If you're investing your pension account in the 'Help me do it' or 'Do it for me' options, your investment profiles will change as you approach your chosen Target Retirement Date, so don't forget to update your Target Retirement Date, if your plans change.

Drawdown

This is where you decide to keep your savings invested with Atlas and draw an income from them over your retirement. You decide how much you take out at a time, and decide where and how to invest your remaining pension account. 25% of any funds used for drawdown can be taken tax free, with the rest taxed as income. The funds you leave invested have the potential to keep growing (although, of course, they may decrease) and, depending on how your investments perform and how much you take out, you can aim to make your savings last for the whole of your retirement. Any funds left over after your death can be passed on to someone else.

Uncrystallised funds pension lump sum (UFPLS)

This is where you can take one or more lump sums from your pension account, subject to Lifetime Allowance restrictions. Taking money like this will increase your taxable income.

Annuity

You can use your pension account to give yourself a regular, guaranteed income each year, paid for the rest of your life. This is known as an annuity. How often you get paid depends on your annuity provider and the amount of money you are paid. Normally you are paid monthly, but it can be quarterly or annually. If you want to buy an annuity you will need to talk to an annuity provider. Atlas can help you buy your annuity, but your payments will be made by your annuity provider.

Impaired life annuity

An impaired life annuity is a type of annuity offered by some providers that is designed for people who have a medical condition that results in a reduced life expectancy. Impaired life annuities usually offer better rates than regular annuities (because they're not expected to be paid for as long).

Tax-free cash or pension commencement lump sum (PCLS)

However you decide to take the money from your Atlas account, you can normally opt to receive up to 25% of it as a tax-free cash lump sum at the point when you take it. For example, when you opt for an annuity, you can select to use 25% of your money for tax-free cash and the rest to buy an annuity. Or, if you want to move your money into drawdown, you can take 25% of the money you put into drawdown as tax-free cash, and use the rest to invest and draw an income from. When you choose to take your money as tax-free cash, you can't then pay it back into another pension scheme to get further tax relief on it. This is known as recycling and is prohibited by HM Revenue and Customs. When you take your lump sum, you'll need to sign a declaration confirming that you will not pay significant additional contributions to a pension using money that was to be replenished by the tax-free cash you received.

Income tax

Your pension, when it's being paid to you, is classed as a taxable income and is treated in the same way as the salary you receive when working. That means that income above your personal allowance will be taxed.

How much you are taxed depends on how much income you're getting, including:

- any other pensions you might be getting
- your State Pension
- any salary from other jobs you might have
- income from investments and property

You can take some of the money from your pension as a tax-free lump sum. This guide gives more information about how much tax you might pay with each option, and the table on page 8 summarises the differences between them.

Lifetime Allowance

The Lifetime Allowance, or LTA, is the maximum amount of pension savings in all registered pension schemes that you can build up during your lifetime without triggering a tax charge on the excess, known as the Lifetime Allowance charge.

If your pension savings are worth more than the LTA, you'll pay a tax charge on the amount over the limit (this is different from (but in addition to) any income tax you will pay on your pension). When you retire, your pension savings are measured against the LTA and any tax charge becomes payable at the point you start using them.

The LTA is £1,073,100 for the 2020/21 tax year and will be frozen at this level until 2026.

The value of your pension account is shown as a percentage of the current LTA on your retirement options letter unless you have informed us that you hold a fixed or individual protection certificate.

The LTA is unlikely to have an impact on most people, however if you think you may be affected by the limit you should seek advice from an Independent Financial Adviser (IFA). If you've previously applied for a protected LTA, please provide details on the 'Lifetime Allowance form', plus copies of any relevant certificates. You'll need to complete the declaration part of the 'Lifetime Allowance form' even if you won't breach the LTA.

If you think the value of all your pension savings are more than the LTA, you may need to apply for protection. You can find out more about LTA protection from the government website at **www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance**

Annual Allowance (AA) and Money Purchase Annual Allowance (MPAA)

When you save money into a pension scheme, you get tax relief on your contributions. The Annual Allowance (AA) limit is the maximum amount of pension savings you can make tax free to all registered pension schemes in one tax year. For the 2021/22 tax year the AA is £40,000.

However, if you've taken, or are about to take, your benefits from a DC scheme (like Atlas) using one of the flexible retirement options (described under options 1 and 2 in this guide), you will only be able to pay money into another DC scheme and receive tax relief up to the MPAA, which is currently £4,000.

Tapered Annual Allowance (TAA)

You may be impacted by the Tapered Annual Allowance (TAA) if you qualify as a 'high-income individual' – this means you have an annual taxable income of £200,000 or more. This could reduce your Annual Allowance to a current minimum of £4,000 per year. If you think this limit might affect you, you can find out how to calculate your income and allowance at **www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance**

atlas