

## Your pension pot options at a glance

Use this guide as a handy reminder of the options available and the key things to think about. Remember, you can mix your options.

Considerations	Guaranteed income (annuity)	Flexi-access drawdown	Take small cash sums	Take whole pot as cash
<b>How much tax-free cash can I get?</b>	Up to 25% of pot <sup>1</sup>	Up to 25% of pot <sup>1</sup>	25% of each withdrawal	25% of pot
<b>Does this provide a regular income?</b>	Yes	Yes <sup>2</sup>	No	No
<b>Is this income guaranteed for life?</b>	Yes	No <sup>3</sup>	No	No
<b>Do I need to review my pension pot regularly?</b>	No	Yes	Yes	N/A
<b>Could my money run out later in retirement?</b>	No	Yes	Yes	Yes
<b>Does this pay higher income for medical conditions?</b>	Yes	No	N/A	N/A
<b>Can I change my mind and use my pot differently?</b>	No <sup>4</sup>	Yes	Yes <sup>5</sup>	No
<b>Will my tax rate go up when I access my pot?</b>	Unlikely as you plan your income in advance	Unlikely as you plan your income in advance	Depends on the size of your cash withdrawals	Highly likely
<b>Is tax relief on my pension savings affected?</b>	No <sup>6</sup>	Yes <sup>7</sup>	Yes <sup>7</sup>	Yes <sup>7</sup>

## Notes

- 1 Applies to the amount allocated for this product – ie, whether you use all or part of your pension pot. Either way, you only get one chance to take your tax-free lump sum – eg if you choose not to take tax-free cash when going into income drawdown, you can't take tax-free cash later if using those same funds to buy an annuity.
- 2 Flexi-access drawdown allows you to take income at times to suit you, although most people will use it to take a regular income.
- 3 Some providers may offer 'specialist' income drawdown products that also guarantee a minimum income for life.
- 4 The Government has announced changes due to come into force from April 2016, that will allow you to sell your annuity for a cash lump sum on which you will pay Income Tax at your highest rate.
- 5 The part of your pension pot that you've not yet cashed in continues to grow tax free and can be used to buy any retirement income product.
- 6 Your annual allowance is not affected (and remains the full annual allowance of £40,000) unless you take out a flexible annuity, in which case your allowance reduces to £10,000 a year. See the [Tax relief on pension contributions guide](#) for full details.
- 7 Your annual allowance reduces to £10,000 a year, see the [Tax relief on pension contributions guide](#) for full details.