

For scheme trustees

# Partial lump sum payment instruction

## About this instruction

This instruction is for scheme trustees of an **occupational pension scheme** where the member wants to take part of their pension fund as an uncrystallised funds pension lump sum (the '**lump sum**') as described in section 5.

## You must ask us for a quote for the lump sum amount before completing this instruction

- This will give you the current cash-in/surrender value of the member's pension fund, the amount of tax payable and information on the options available to them. The value we'll use to calculate and pay the partial lump sum is the cash-in/surrender value of the pension fund on the second business day following the date we receive all the necessary documents and information from you that we need to pay the claim.
- If the member is invested in a with-profits fund and wants to take benefits before their selected retirement age the cash-in/surrender value of the pension fund may be reduced by a **market value reduction** or a **smoothing adjustment**. Taking benefits earlier than their selected retirement age may also mean we take a cash-in/surrender charge from the fund. The quote you receive from us will tell you if any of these apply to the plan.

## Lump sums and tax

- Usually 25% of the **lump sum** is tax free. You're responsible for calculating tax on the balance prior to passing benefits to the member. You're also responsible for paying tax to HM Revenue & Customs (HMRC).
- The member must tell you if they don't have enough lifetime allowance left to cover the **lump sum**. Where the member doesn't have enough available lifetime allowance – you can find details on the tax position at [gov.uk/hmrc-internal-manuals/pensions-tax-manual](http://gov.uk/hmrc-internal-manuals/pensions-tax-manual)
- Taking a **lump sum** from the plan will trigger the **money purchase annual allowance** if the member hasn't already triggered it.

## Additional information

- Please complete this instruction in BLOCK CAPITALS and ballpoint pen.
- We explain terms in **bold** in the definitions section at the end of this instruction.
- Return the completed instruction to Freepost RUCB-LJKR-HHBU, Aegon, Sunderland, SR43 4DU

## 1. Member's details

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Title

Mr / Mrs / Miss / Ms / Other – please specify

National Insurance number

Full forename(s)

Name of the scheme

Surname

Plan number (the 'plan')

Date of birth (dd/mm/yyyy)

## 2. Partial lump sum

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You'll find the information you need to complete this section in the quote. It will show the value of any non-protected rights fund and/or former protected rights fund.

Please complete the appropriate section to tell us where you want to take the member's partial **lump sum** from.

### 2.1 Non-protected rights fund

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We'll take the payment in equal proportions from investment funds held under the plan, you must leave at least £500 invested in the member's non-protected rights fund.

### 2.2 Former protected rights fund

If you want to take a **lump sum** from the member's former protected rights fund you need to take all the former protected rights fund as a **lump sum** at the one time.

Yes, the member wants a **lump sum** from all of the former protected rights fund.

### 3. Bank details

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Please give us details of your bank account to which you would like us to pay the **lump sum** to. The bank details should be for the trustee's scheme bank account.

Bank/Building society name

Address

Postcode

Sort code

 –  – 

Account number

Name of account holder(s)

  

Building society roll number (if appropriate)

### 4. Declaration

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In this declaration 'we' means the trustees of the pension scheme named in section 1, and 'you' means Scottish Equitable plc as the insurer of the plan.

We instruct you to pay part of the cash-in/ surrender value of the plan as specified in section 2, as a **lump sum** to the bank account set out in section 3.

Date (dd/mm/yyyy)

Scheme trustee's name (please print)

Scheme trustee's signature

 X X

Date (dd/mm/yyyy)

Scheme trustee's name (please print)

Scheme trustee's signature

 X X

Date (dd/mm/yyyy)

Scheme trustee's name (please print)

Scheme trustee's signature

 X X

Date (dd/mm/yyyy)

Scheme trustee's name (please print)

Scheme trustee's signature

 X X

## 5. Conditions for taking a lump sum

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For the member to be able to take part of their pension fund as a **lump sum**, the following conditions must be met:

- the partial **lump sum** must be paid on or after 6/4/15 from a money purchase arrangement;
- the member must have reached the normal minimum pension age, currently 55 (or their protected pension age, if they have one) or the **ill-health condition** is met;
- all or part of the member's lifetime allowance must be available (where a **lump sum** is being paid before they're 75 they must have enough lifetime allowance left to cover the whole amount of the **lump sum**);
- it must be provided from **uncrystallised funds**;
- the member must not have enhanced protection or primary protection with **registered tax-free cash** immediately before the **lump sum** is paid; and
- if the member has a lifetime allowance factor, their available tax-free **lump sum** must be at least 25% of the amount to be paid as a **lump sum**. They can't receive a greater amount of tax-free element of the **lump sum** than the limit on tax-free cash that applies under these protections.

## Definitions

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We've not covered standard lifetime allowance, and the various protections that could apply in detail in this form, but you can find more about these at [aegon.co.uk/lifetimeallowance](http://aegon.co.uk/lifetimeallowance)

**Ill-health condition** – the ill-health condition is met if you have received satisfactory medical evidence from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on their occupation because of physical or mental impairment, and they have in fact stopped carrying out that occupation.

**Market value reduction** – where the plan is invested in one of our with-profits type funds and if the money is withdrawn at any time other than the chosen retirement date, it may be necessary to reduce the value of the fund by what is referred to as a market value reduction (MVR).

**Money purchase annual allowance** – the amount that can be paid by or for the member into money purchase arrangements without a tax charge arising may be restricted to the money purchase annual allowance, which from 6 April 2017 is £4,000. The restriction applies if the member had a flexible drawdown plan at any time before 6 April 2015. It also applies if the member takes (or has already taken) certain types of pension benefit, including an uncrystallised funds pension **lump sum** or income from a flexi-access drawdown plan.

Special rules apply in the year that the money purchase annual allowance rules first apply, both you and the member can speak to a financial adviser for more information.

**Occupational pension scheme** – is a trust-based pension scheme, such as:

- an Executive Pension plan;
- a Small self-administered scheme;
- an Exsel Group scheme;
- a Nexus scheme;
- an Exsel scheme;
- an Exsel fund scheme, or
- a contracted-in money purchase scheme (CIMP)

**Registered tax-free cash** – if the member's total tax-free cash entitlement as at 5 April 2006 was more than £375,000, they could have registered to protect the uncrystallised part of this tax-free cash entitlement at the same time as registering for primary protection and/or enhanced protection. Their registered tax-free cash amount, or percentage, will be shown on their primary protection or enhanced protection certificate.

**Smoothing adjustment** – if the plan is invested in one of our with-profits funds, if the member takes money out at any time, we may apply a smoothing adjustment (SMA). This can be a 'smoothing increase' which increases the value of the fund or a 'smoothing reduction' which reduces the value of the fund.

**Uncrystallised funds** – these are pension funds which have not, as yet, been used to provide benefits under a pension plan.



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