

For customers

# Small pots lump sum

## Payment instruction

### Why do I need to fill in this form?

This form instructs us to pay you a small pots lump sum from your Retiready Pension plan with us, if you meet the conditions described on page 2. If you only want to take a tax-free lump sum, known as a **Pension Commencement Lump Sum** you can't use this form to do that, please contact us.

Make sure you've reviewed all your retirement options before completing this instruction. If you haven't received a retirement options pack from us in the last 12 months, please contact us. We need to send you this information so you can review all your retirement options before you complete this form to access your savings.



This form should take about 20 minutes to complete and you'll have to complete six sections. Words in **bold** are described in more detail in the definitions section at the end of this form.

#### You should complete this form if...



- you'd like to take all of your funds from your Retiready Pension plan numbered in section 2.2 (the plan) as a small pots lump sum.

Before completing this instruction, please read the conditions on page 2 to make sure you're eligible for this option.

By completing this instruction you're confirming that you're eligible to have all of your funds from the plan paid in the form of a small pots lump sum instead of a pension.

- ! Be aware that this option has tax implications and no cancellation rights – once we've made the payment to you, it can't be reversed and paid back to us.

#### You shouldn't complete this form if...



- you want to take out your pension a bit at a time, leaving some funds invested;
- you want to take some of your pension as cash then use the rest to provide a flexible income;
- you want to take some of your pension as cash and use the rest to provide a guaranteed income;
- you've previously received three small pots lump sums from **non-occupational pension scheme(s)**;
- you don't meet the conditions on page 2;
- you haven't received your retirement options pack yet; or
- you are unsure of the tax you will pay on taking this option. To find out more about how much this could be you can use the HM Revenue & Customs (HMRC) online tax calculator at [www.gov.uk/estimate-income-tax](http://www.gov.uk/estimate-income-tax)

# Small pots lump sum conditions

To qualify for this option, at the time of payment you must have a fund of £10,000 or less in an arrangement under a **non-occupational pension scheme**.

The fund can be paid to you as a small pots lump sum, provided that at the time of payment:

- you've reached the normal minimum pension age, currently 55 (or your protected pension age, if you have one) or meet the **ill-health condition**;
- the gross payment from the arrangement isn't more than £10,000;
- you've not previously received more than two such other payments in respect of an arrangement under any such scheme. This includes any similar payments made to you in the period 6 April 2012 to 26 March 2014, which are subject to a £2,000 limit per arrangement; and
- the payment extinguishes your entitlement to benefits under the arrangement.

Provided these conditions are met, this payment can be made regardless of the value of your total pension savings and can be paid in addition to any other type of trivial commutation lump sum you may have received. You can have a maximum of three such 'small pots' in your lifetime.

We'll pay up to 25% of the lump sum of any commuted **uncrystallised funds** as a tax-free amount.

The balance of any commuted **uncrystallised funds** will be taxed as income at your highest marginal rate. However, we'll only deduct UK basic rate tax from this (unless we already hold a tax code on file for you).

If you're a higher rate or additional tax rate payer you may have further tax liability usually paid through your assessment form. HMRC will contact you after the end of the tax year, if you've paid too much.

This information is based on our understanding of current taxation law and HMRC practice which may change. The amount of tax you pay will depend on your individual circumstances.

## How to complete this form

- In BLOCK CAPITALS using a ballpoint pen.
- Check which documents you must send with your form to prove your identity on page 5.
- Find definitions for highlighted terms on page 9.
- Read more about the small pots lump sum option by visiting Your Retirement Planner website at [aegon.co.uk/retirementplanner](http://aegon.co.uk/retirementplanner)
- Find impartial guidance and information on your options at retirement at [pensionwise.gov.uk](http://pensionwise.gov.uk)
- You may also want to seek regulated financial advice before completing this payment instruction.

**Return your completed form and identity documentation to:**  
**[clientsupport@arc.aegon.co.uk](mailto:clientsupport@arc.aegon.co.uk)**



Our email system and the way we deal with data internally is secure. However we're unable to ensure the security of emails before they reach us. Please consider this when sending us sensitive information.



# 1 About me

Title (Mr/Mrs/Miss/Ms/Other – please specify)

Full forename(s)

Surname

Date of birth (dd/mm/yyyy)

Contact phone number

National Insurance number

|  |  |  |  |  |  |  |  |  |  |
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Email

You should be able to find your National Insurance number on a payslip, from a P45 or P60, or a letter from HMRC.

We may use your email or phone number to contact you about your instruction.

## 2 Small pots lump sum

**2.1 Have you taken any small pots lump sums from non-occupational pension schemes before?**

No

Yes – please tell us how many

Remember you can only take a maximum of three small pots lump sums as described on page 2.

**2.2 Please tell us the plan number you want to take a small pots lump sum from.**

The amount in your plan can't be more than £10,000 at the time the small pots lump sum is paid.



### 3 Bank details

We can only pay benefits directly to a UK bank or building society. If you're unable to set up a UK bank or building society account, please contact us.

If this is the first time that you've given us these bank account details, please attach a **certified copy** of your bank statement for this account. **See page 5** for more information.

Please give us your bank details for the account you want us to pay the small pots lump sum(s) to. It must be a personal account in your name or where you are a joint account holder.

**Bank/Building society name**

**Address**

  
  

**Postcode**

**Sort code**

 -  - 

**Account number**

**Name of account holder(s)**

**Building society roll number (if applicable)**

## 4 Required documents

We must confirm your identity when you take your pension benefits – **we can't process your payment instruction without doing this**. That's why we ask you to send us certain documents.

**! Please send us certified copies of your documents, not originals.**

We require two items to confirm your identity. Please tick the documents that you're sending us.

A postal bank statement or a bank statement obtained from your branch for the account we're paying benefits to. The bank statement must show your home address and have been received in the last three months. (The postal statement must have been sent to your home address. The bank statement obtained from your branch must show it was printed or stamped in branch.)



One of the following items (please tick your choice)

|                                                                                   |                                                                                            |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Current passport                                         | <input type="checkbox"/> National identity card                                            |
| <input type="checkbox"/> Current photo card driving licence (full or provisional) | <input type="checkbox"/> Identity card issued by the Electoral Office for Northern Ireland |

**If you can't provide one of the four items shown in the box above, then we require one document from list A and one from list B.**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>List A (tick one)</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Current (old pre-photo card style) full UK driving licence</li> <li><input type="checkbox"/> Birth certificate</li> <li><input type="checkbox"/> Proof of benefit entitlement in the last three months</li> <li><input type="checkbox"/> HM Revenue &amp; Customs (HMRC) tax notification quoting National Insurance number sent to your home address</li> </ul> | <p><b>List B (tick one)</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Current council tax demand letter or statement received in the last three months</li> <li><input type="checkbox"/> Credit card statement received in the last three months</li> <li><input type="checkbox"/> Mortgage statement received in the last three months</li> <li><input type="checkbox"/> Local authority rent card or tenancy agreement</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### ? Who can certify a document and how do they do it?

**Copies of documents can be certified by one of the following people:**

- doctors/dentists
- ministers of religion
- social workers
- teachers
- credit union employees
- Post Office official (through the Post Office's certification service)
- accountants
- bank/building society employees
- barristers/solicitors/paralegals
- councillors
- financial advisers
- justice of the peace
- serving police officer
- member of Parliament

Not everyone on this list may provide this service and a charge could be applied.

**The person certifying your document should write the following on the copy document:**

- their name in block capitals;
- the name of the company they work for and their occupation;
- the statement 'I certify this to be a true likeness of the original'; and
- their signature and date.

## 5 About the risks

**! We can't progress your claim unless this section is completed.**

Before you make a decision about taking your benefits, make sure you've read your retirement options pack, reviewed your options and are aware of the main risks related to withdrawing money from your pension pot. You can also visit 'Your retirement planner' where you'll get tailored risk warnings specific to you by answering the questions on the 'Make it happen' section.

### 5.1 Have you received guidance from Pension Wise?

Yes  No

**!** There's a risk you may choose an option that doesn't suit your needs. Accessing your pension savings is an important decision and we would always recommend that you seek guidance.

### 5.2 Have you received advice from an adviser?

Yes  No

**!** We recommend that you seek advice from a financial adviser if you aren't sure if this is the right option for you.

### 5.3 Are you aware that taking your pension fund as lump sum will use up all the benefits under your plan and you won't get any further payments from it?

Yes  No

**!** Taking a full lump sum from your pension plan means that no further benefits can be paid from it at a later date when you may require it, you should consider the impact this could have on your retirement plans.

### 5.4 Are you aware that any guarantees attached to your existing plan would be lost?

Yes  No

**!** There's a risk that you'll lose your right to any guarantee which may reduce the level of income you receive in retirement. You should make sure that you understand the conditions of any guarantee before making a decision.

## 5 About the risks – continued

**5.5** Are you aware that you'll pay tax if you take a lump sum from your pension savings and this may take you into a higher tax bracket?

Yes  No

! There's a risk that after tax is deducted you may not get as much as you were expecting. The amount you withdraw and any other income that you receive may result in you paying higher rate tax or even owing additional tax.

**5.6** Are you confident that withdrawing money out of your pension pot will still let you have your desired lifestyle in retirement?

Yes  No

! There's a risk you may run out of money, so you must make sure that you invest wisely or budget effectively. You should also consider any state pension you may be entitled to – you can find details of this at [gov.uk/new-state-pension](http://gov.uk/new-state-pension)

**5.7** Are you aware of the impact withdrawing money from your pension plan may have on any outstanding debts?

Yes  No

! If you owe money there's a risk that your lender may be entitled to your pension savings when you take it as income.

**5.8** Are you aware that pension scams are on the increase following the pension freedoms?

Yes  No

! Your pension is likely to be one of your most valuable assets. Like anything valuable, your pension can become the target for illegal activities, scams or offers of inappropriate and high risk investments. Find out more about the steps you can take to protect yourself from pension investment scams and how to avoid them – visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) and [pension-scams.com](http://pension-scams.com)



## 5 About the risks – continued

**5.9** Are you aware that taking cash from your pension pot may impact means tested benefits?

Yes  No

**!** There's a risk that taking your income may result in the loss of any means tested benefits you currently receive or may be eligible for at some point in the future.

**5.10** Have you investigated fully any charges associated with any planned investment?

Yes  No

**!** There's a risk that any charges payable on future investments may be more than those you're currently paying on your pension savings.



## 6 Declaration

In this declaration 'I' means the individual detailed in section 1 and 'you' means Scottish Equitable plc as Scheme Administrator of the Aegon Self Invested Personal Pension Scheme (the 'Scheme').

- 6.1** I request that you pay the funds from the plan to me as small pots lump sum. I declare that the following conditions for payment of the small pots lump sum are met:
- a** I've not previously received more than two such payments in respect of arrangements under **non-occupational pension schemes**;
  - b** at the time of payment of the small pots lump sum, the fund value under my plan isn't more than £10,000;
  - c** at the time of the payment, I'll have reached the normal minimum pension age, currently 55 (or my protected pension age, if I have one) or I meet the **ill-health condition**; and
  - d** the payment will extinguish my entitlement to benefits under the plan.
- 6.2** I acknowledge that a small pots lump sum payment can't be made to me from the plan if I've previously received three small pots lump sums from arrangements under **non-occupational pension schemes**.

- 6.3** I acknowledge that a small pots lump sum payment can't be made from the plan to me if the value of that plan is greater than £10,000 at the time of payment. If the plan is greater than £10,000 at the time of payment then no small pots lump sum payment can be made from the plan.
- 6.4** I acknowledge that you'll rely on this declaration, and confirm that if a small pots lump sum payment made to me in connection with this request results in you becoming liable for a scheme sanction charge and penalties and/or interest to HMRC, that I'll be responsible for, and be liable to pay to you a sum equal to the amount of that scheme sanction charge, any penalties and interest charged by the HMRC and any **interest** charged by you.
- 6.5** I agree that any sum due may be deducted from any arrangements for or in respect of me under the Scheme.
- 6.6** I confirm that I've reviewed my retirement options and read the appropriate risk warnings related to my answers in section 5 and still want to go ahead and take the option of a small pots lump sum.

Date (dd/mm/yyyy)

Investor signature

|   |   |
|---|---|
| X | X |
|---|---|

Signature not required if sending this form by email.



### Before returning this form to us, please check:

- You've included the required certified copies of documents.
- You've completed all of section 5 and read the risk warnings.
- You've signed and dated the Declaration above.
- You've reviewed your retirement options and you're happy with this decision.



## 7 Definitions

**Ill-health condition** – is met if we've received satisfactory medical evidence from a registered medical practitioner that you're (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment.

**Interest** – will be added on a daily basis to any amount due to the scheme administrator for any scheme sanction charge. It will be calculated on a daily basis from the date the first payment was due at the Royal Bank of Scotland plc base rate plus 5%.

**Non-occupational pension scheme** – is a contract-based pension scheme, such as a:

- Personal pension;
- Group Personal pension;
- Group Self-invested Personal pension;
- Stakeholder pension;
- Group Stakeholder pension;
- Retirement annuity contract (section 226 contract)
- Section 32 buyout; or
- Trustee proposed section 32 buyout.

**Pension Commencement Lump Sum** – is a lump sum normally paid tax-free, to a member of a **registered pension scheme** when they become entitled to certain pension benefits.

**Uncrystallised funds** – are pension funds which haven't, as yet, been used to provide benefits under a pension plan.

Where an authorised payment is made from uncrystallised money purchase funds as a lump sum, there is a 25% tax-free element and the balance is taxed at the members marginal rate of tax.