



For financial advisers only

# Cashing in a pension wrapper using UFPLS or Small pots

## Aegon Retirement Choices and One Retirement



# UFPLS and Small pots

This guide shows how you can either fully or partially cash in a self-invested personal pension (SIPP) through:

- An **uncrystallised funds pension lump sum** (UFPLS), or
- **Small pots**, if a client has a wrapper under £10,000 and they meet the relevant criteria.

The forms pages we show throughout this guide are correct as at April 2022.





## Submitting an UFPLS request

# Finding the UFPLS form

You can find the UFPLS form online at [Your Retirement Planner - Make it happen.](#)

Select **All as cash.**

If you select **Some as cash** for a partial UFPLS you'll need to complete an [UFPLS illustration form](#)

You'll need to tell us the £ value and tax-free cash (% or £) your client wishes to take.

Retiready from AEGON

Your Retirement Planner

Home / Make it happen

1 Get prepared 2 Understand your options 3 Get help and guidance 4 Make it happen

### Make it happen

Decided which option you want to take? If so, select your choice from the list below. Please note, not all options are available under all plans and in particular there are restrictions for any contract with a guaranteed minimum pension or guaranteed annuity option.

Before applying you must:

- **Read and understand the risks of each pension option** – you'll find them at the top of each section.
- **Know your current contract type** – you can find this in the right-hand column of your Option letter or you can [contact us](#).
- **Have received details of all the retirement options available to you** – This would normally be sent out to you from age 50 then every five years and approximately six months before your estimated retirement date. You can see an [example of these communications here](#). If you're not near your retirement date, but are eligible to withdraw your savings, then please contact us and we'll arrange to send a retirement options pack to you.
- **Be aware that the lump sum options have no cancellation rights** – once we've paid you it can't be reversed and you can't pay the money back to us.
- **Understand what financial advice or guidance is available**. See our [Get help and guidance](#) section for further information.
- **Understand what supporting documents we require** – we can't process your application without these. See our [FAQ](#) for full details.

Take it as a cash lump sum

- All as cash >
- Some as cash >
- Take all as a small pot >

# Finding the UFPLS form

Then **Select your contract type**, choose either **Aegon Retirement Choices** or **One Retirement**.

You need to answer a series of questions that have been designed for your client to answer directly, to make sure they understand the potential risks of this option.

The screenshot shows the 'Your Retirement Planner' interface. At the top, there's a green header with the title 'Your Retirement Planner'. Below it, a breadcrumb trail reads 'Home / Make it happen / all as cash lump sum'. A progress bar has four steps: 1. Get prepared, 2. Understand your options, 3. Get help and guidance, and 4. Make it happen. The 'Make it happen' step is active. Below the progress bar is a dark grey button with a left arrow and the text 'Back Make it happen'. The main heading is 'Take it all as cash'. A yellow warning box contains text about pension savings and the 'Pension Wise' service. Below this, a note says 'To avoid delays in processing please make sure you include all the required documents to support your application. Full details can be found here.' A dropdown menu for 'Select your contract type' is set to 'Aegon Retirement Choice'. At the bottom, a green box contains the text 'Before you apply please answer the following risk questions.' and a large green 'Start' button.

Once you've answered the questions you'll be able to download the form.

The screenshot shows the 'Results' page. The heading is 'Results'. The text says 'From what you have answered, it looks like you are fully aware of the risks involved and are in a position to get started.' A yellow box contains a message: 'If you want to take all of your pension pot as a lump sum make sure that you're comfortable with the amount you'll receive after tax. Read **How will my retirement income be taxed?** for more information.' Below this, it says 'If you'd like to continue, please print and complete the form.' At the bottom right, there is a green button with the text 'Aegon Retirement Choices - Cash lump sum (PDF)'.

# UFPLS form – guidelines

At the start of the form, we set out the guidelines for completing the form.

We recommend you read these as this will help you provide all the information we require to process your client's request.

**For customers**

## Full uncrystallised funds pension lump sum

### Payment instruction

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

This form instructs us to pay all of your pension fund, under your Aegon Retirement Choices or One Retirement plan with us, to you as an **uncrystallised funds pension lump sum** (the 'lump sum'), 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 6 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 the full value of your wrapper as a **lump sum**. This will be the value of your investments at the time they are sold together with any amount built-up in the cash facility less tax.

Before completing this instruction, please read the conditions on page 3 to make sure you're eligible for this option.

**!** 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.

At the end of this instruction you can see an example of how we calculate the tax to be deducted from the lump sum payment.

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

- you only want to take **Pension Commencement Lump Sum**. If you want to do this please speak to your financial adviser or contact us;
- you only want to take a part of the value of your wrapper as a **lump sum**;
- your pension comes from a pension credit you received following a divorce, where your ex spouse or registered civil partner had already taken their benefits;
- you haven't received your retirement options pack yet;
- you have enhanced protection or primary protection with **registered tax-free cash**;
- you don't meet the conditions on page 3; 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)



**Important note:**

If your pension has been upgraded by Aegon to an Aegon Retirement Choices (ARC) Self Invested Personal Pension (SIPP), and you go ahead with this transaction, we'll view this as your agreement to the transfer of your former pension plan to this ARC SIPP.

This means:

- if waiver of contribution insurance cover is required it will have to be taken out with another provider, and will be subject to underwriting and payment of an additional premium, as this option isn't available with an ARC SIPP, and
- we won't allow a return to your former pension plan.

You can find more information on our customer returns policy at [aegon.co.uk/modernpension](http://aegon.co.uk/modernpension)

By submitting this form you're confirming your agreement to the upgrade.



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# UFPLS form – conditions

Next we set out the conditions when cashing in your client's pension.

You'll also find details of where to email or post the form once you're ready to send it to us.

## Uncrystallised funds pension lump sum conditions

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

To take your pension fund as a lump sum, the following conditions must be met:

- the lump sum must be paid from a money purchase arrangement;
- you must have reached the normal minimum pension age, currently 55 (or your protected pension age, if you have one) or the ill-health condition is met;
- part or all of your lifetime allowance must be available (where a lump sum is being paid before you're 75, you must have enough lifetime allowance left to cover the whole amount of the lump sum);
- the lump sum must be provided from uncrystallised funds;
- if you have a lifetime allowance enhancement factor your available tax-free lump sum must be at least 25% of the amount to be paid as a lump sum. You 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; and
- you must not have enhanced protection or primary protection with registered tax-free cash, immediately before the lump sum is paid.

### Tax

- Where the lump sum is paid before you reach age 75, up to 25% of each payment may be tax-free and the balance is taxed as pension income.
- Where the lump sum is paid after you reach age 75, provided you have enough lifetime allowance left to cover the lump sum, 25% is tax-free, and the balance is taxed as pension income. Where you don't have enough lifetime allowance, 25% of the lump sum within your available lifetime allowance is tax-free, with the balance being taxed as pension income.

If you complete this form you're acknowledging that:

- taking a lump sum from your plan will trigger the money purchase annual allowance (if you've not already done so).
  - if you have a right to tax-free cash of over 25%, you'll only receive 25% of the lump sum tax-free.
- 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.

### Charges

We don't charge you for processing this instruction.

### How to complete this form

- Please complete this form by typing in the boxes, including the signature box.
- Check which documents you must send with your form to prove your identity on page 6.
- Find definitions for highlighted terms on page 11.
- Read more about the 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.

Email 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 so please consider this and do not include any personally sensitive, financial or banking information that has not been appropriately secured.

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio CD version of this document, please call 0345 680 1234 (call charges will vary) or visit [aegon.co.uk/support](http://aegon.co.uk/support)

# UFPLS form – client and bank details

Complete your client's details.

The screenshot shows the '1 About me' section of the form. At the top, a progress bar indicates that 'About me' and 'Lump sum details' are completed, while 'Bank details', 'Required documents', 'About the risks', and 'Declaration' are not. The form fields include: Title (Mr/Mrs/Miss/Ms/Other – please specify), Full forename(s), Surname, Date of birth (dd/mm/yyyy), National Insurance number, Wrapper number (with a '7' in the first box), Do you have a protected pension age? (No/Yes, it's), Contact phone number, and Email. A note states: 'You should be able to find your National Insurance number on a payslip, from a P45 or P60, or a letter from HMRC.' The AEGON logo is at the bottom right, and the footer reads 'Lump sum payment instruction Page 5 / 18'.

And also tell us the bank details of where your client would like us to pay the money into.

The screenshot shows the '2 Bank details' section of the form. The progress bar at the top shows 'About me', 'Lump sum details', and 'Bank details' as completed. The form includes a document icon and the text: '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 details, please attach a certified copy of your bank for this account. See page 6 for more information.' The fields are: Bank/Building society name, Address, Postcode, Sort code, Account number, Name of account holder(s), and Roll number (for building society accounts only). The AEGON logo is at the bottom right, and the footer reads 'Lump sum payment instruction Page 6 / 18'.

# UFPLS form – required documents

We include a handy list of all the documents we need to process your client's request.

Please review this carefully and make sure you send us everything we need.

**3 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.

<b>List A (tick one)</b>	<b>List B (tick one)</b>
<input type="checkbox"/> Current (old pre-photo card style) full UK driving licence	<input type="checkbox"/> Current council tax demand letter or statement received in the last three months
<input type="checkbox"/> Birth certificate	<input type="checkbox"/> Credit card statement received in the last three months
<input type="checkbox"/> Proof of benefit entitlement in the last three months	<input type="checkbox"/> Mortgage statement received in the last three months
<input type="checkbox"/> HM Revenue & Customs (HMRC) tax notification quoting National Insurance number sent to your home address	<input type="checkbox"/> Local authority rent card or tenancy agreement

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

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

<ul style="list-style-type: none"><li>doctors/dentists/nurses</li><li>ministers of religion</li><li>social workers</li><li>teachers</li><li>credit union employees</li><li>Post Office official (through the Post Office's certification service)</li><li>accountants</li></ul>	<ul style="list-style-type: none"><li>bank/building society employees</li><li>barristers/solicitors/paralegals</li><li>councillors</li><li>financial advisers</li><li>justice of the peace</li><li>senior police officer</li><li>member of Parliament</li></ul>
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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.

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**AEGON**

# UFPLS form – risks

So your client is fully aware we cover the risks associated with cashing in their pension.

Please take your client through these.

Progress bar: About me (checked), Lump sum details (checked), Bank details (checked), Required documents (checked), About the risks (checked), Declaration (unchecked)

#### 4 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 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.

4.1 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.

4.2 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.

4.3 Are you aware that taking some or all of your pension fund as a lump sum will use up benefits under your plan and you'll get reduced payments or, if you take all of your pension fund as a lump sum, no further payments from your plan?

Yes  No

**!** Taking part of your pension plan as a lump sum means that the benefits being paid at a later date will be reduced as your pension pot will be reduced. 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 will have on your retirement plans.

4.4 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.

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Progress bar: About me (checked), Lump sum details (checked), Bank details (checked), Required documents (checked), About the risks (checked), Declaration (unchecked)

continued

If you take a lump sum from your pension savings and ...

... reduced you may not get as much as you were expecting. any other income that you receive may result in you ...

... g money out of your pension pot will still let you have ...

... of money, so you must make sure that you invest wisely ... also consider any state pension you may be entitled ... at [gov.uk/new-state-pension](http://gov.uk/new-state-pension)

... drawing money from your pension plan may have on any ...

... k that your lender may be entitled to your pension ...

... are on the increase following the pension freedoms?

... ne of your most valuable assets. Like anything ... come the target for illegal activities, scams or offers ... investments. Find out more about the steps you can ... pension investment scams and how to avoid them – ... and [pension-scams.com](http://pension-scams.com)

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Progress bar: About me (checked), Lump sum details (checked), Bank details (checked), Required documents (checked), About the risks (checked), Declaration (unchecked)

#### the risks – continued

... hat taking cash from your pension pot may impact means tested benefits?

No

... k that taking your income may result in the loss of any means tested ... currently receive or may be eligible for at some point in the future.

... gated fully any charges associated with any planned investment?

No

... k that any charges payable on future investments may be more than ... currently paying on your pension savings.

CS

... ou should seek advice from a financial adviser before proceeding with ...

... ents may have fallen significantly as Covid-19 continues to have an ... nomy. If you sell when the market is down, you will likely suffer a loss ... r investments and might miss out on any increases in value in the ... recover.

... y in the short to medium term and have savings that could be ... might want to consider taking some money from those alternative ... ll leaves money in rainy day funds, rather than to realise losses from ...

... nt to cash in your investment, you could lose out significantly in the ... ou might consider only cashing in what you need.

... has announced a range of measures to offer support to people during ... may wish to investigate whether you are eligible for this support ... g money from your investments ... [uk/coronavirus/worker-support](http://uk/coronavirus/worker-support)

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# UFPLS form – declaration

Your client must read and type their full name in the declaration.

You must read and type your full name in the adviser declaration.

Progress bar: About me, Lump sum details, Bank details, Required documents, About the risks, Declaration

## 5 Declaration

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

5.1 I instruct you to pay the full amount of the fund, less tax, to me as a lump sum.

5.2 I declare that 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 the ill-health condition is met.

5.3 Where I'm under the age of 75 when the lump sum is paid, I declare that I have enough lifetime allowance left to cover the lump sum.

5.4 I declare that I don't have enhanced or primary protection with registered tax-free cash immediately before the lump sum is paid.

5.5 Where I'm over age 75 when the lump sum is paid, I declare that all or part of my lifetime allowance is available.

5.6 Where I have an enhancement factor my available lump sum allowance is at least 25% of the amount to be paid as a lump sum.

5.7 I agree that if, for any reason, all or part of the cash-in/surrender value shown on the quote for the wrapper detailed in section 1 is more than my available lifetime allowance and this results in the scheme administrator being liable for a lifetime allowance charge (or an increase in the lifetime allowance charge) and penalties and/or interest to HMRC, that I'll be responsible for and liable to pay to the scheme administrator, a sum equal to the amount of that lifetime allowance charge (or for any increase in that lifetime allowance charge) and any penalties and interest charged by HMRC and any interest charged by the scheme administrator.

5.8 I acknowledge that you'll rely on this declaration, and confirm that if a 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 liable to you, a sum equal to the amount of that scheme sanction charge, any penalties and interest charged by HMRC and any interest charged by the scheme administrator.

5.9 I agree that any sum due may be deducted from any arrangements for or in respect of me under the Scheme.

5.10 I confirm that I've reviewed my retirement options and read the appropriate risk warnings related to my answers given in section 5 and still want to go ahead with the option of taking a lump sum.

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## 6 Adviser declaration

Where you have completed this instruction on behalf of the customer named in section 1, when you sign the form, by typing your name in this box, you are making the declarations and confirming that the customer wishes to proceed with the instructions in this form.

By signing this instruction, by typing your name in the box below, you make the following additional declarations:

6.1 You declare that:

- to the best of your knowledge and belief, the information supplied to Aegon on behalf of the customer is true and complete;
- you have the appropriate authority from the customer to complete this form, to make the declarations in this form on their behalf and to provide Aegon with the instructions set out in this form, acknowledging that Aegon reserves the right to request a copy of the authority and failure to provide a copy when requested may result in Aegon being unable to proceed with the instructions; and
- you have discussed the form with the customer and they are aware of its content, they agree to the declarations and agree to you submitting this application on their behalf.

6.2 You hereby indemnify Aegon against all claims, losses, tax charges, penalties and interest incurred or due to be paid by Aegon as a result of your failure to obtain the appropriate authority from the customer and/or supplying incorrect or inaccurate information and Aegon relying on and following the instructions given in this application form.

Date (dd/mm/yyyy)

Adviser signature (type name here)

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# UFPLS form – definitions

We include definitions of the more complicated terms we may use so your client is aware of what they mean.

## 7 Definitions

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)

**Benefit crystallisation event (BCE)** – Your pension funds must be tested against your available lifetime allowance if there's a BCE. A BCE includes the following:

- using funds in a money purchase arrangement to provide drawdown pension (capped or flexi-access);
- becoming entitled to a lifetime annuity under a money purchase arrangement;
- reaching age 75 with funds in drawdown pension (capped or flexi-access) under a money purchase arrangement;
- reaching age 75 with remaining unused funds under a money purchase arrangement; or
- becoming entitled to an uncrystallised funds pension lump sum, before reaching age 75.

**Certified copy** – This is a copy of a document which has been 'certified' by a certain person that it's a true copy of the original. Please make sure you attach the correct certified documents to avoid delays in processing your instruction. For a full list of people who can certify your documents, and what they need to do, see section 8.

**Ill-health condition** – This is met if we've received satisfactory medical evidence from a registered medical practitioner that you are (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%.

**Money purchase annual allowance** – The amount that can be paid by or for you 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 you had a flexible drawdown plan at any time before 6 April 2015. It also applies if you take (or have 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 to you, please speak to a financial adviser for more information.

**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.

**Registered pension scheme** – is a pension scheme that's registered with HMRC under Chapter 2 Part 4 of the Finance Act 2004.

**Registered tax-free cash** – If your total tax-free cash entitlement as at 5 April 2006 was more than £375,000, you 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. Your registered tax-free cash amount, or percentage, will be shown on your primary protection or enhanced protection certificate.

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



# UFPLS form – tax payable

And right at the end of the form you can read our summary on how to calculate tax payable.

### How to calculate the tax payable on a partial or full lump sum

**First lump sums**

Normally 25% of each partial or each full lump sum payment is tax-free, and the remaining 75% is taxed as income. Unless a tax code is already held for you, when you take your first lump sum, you'll pay the emergency tax rates on the taxable portion of the lump sum.

This means that one twelfth of the personal allowance for that tax year will be allocated towards it. As a result, you'll only get a maximum of one month's tax-free allowance against the first payment regardless of when it occurs in the tax year. The personal allowance for the 2020/21 tax year is £12,500, so the one month allowance is £1,042 (owing to the rounding that is used in the calculations).

The emergency tax code for the tax year 2020/21 is 125L.

HM Revenue & Customs (HMRC) require that the emergency tax code should operate on a month one basis.

Please note, if you're a Scottish taxpayer, the emergency tax code is applied in the same way as it is for taxpayers in the rest of the UK.

For the tax year 2020/21, the emergency rate 125L month one is calculated as:

1/12 of personal allowance	=	1/12 x £12,500 @ 0%
1/12 of basic rate band	=	1/12 x £0 to £37,500 @ 20%
1/12 of basic rate to higher rate	=	1/12 x £37,501 to £150,000 @ 40%

Any balance is taxed at 45%

The use of the emergency code may produce a situation where you're initially over or under taxed.

The HMRC have agreed processes for making sure you pay the correct tax either within the tax year, or after the tax year has finished.

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Examples below we've assumed that:  
The first lump sum taken is a full lump sum.  
The emergency tax rate applies.  
Figures are shown to the nearest penny.

**Refunds for overpaid tax**

If the use of the emergency code means the lump sum is over taxed (including where you are a Scottish taxpayer), HMRC will refund you as follows:

**Full lump sums**

You can contact HMRC after you receive the payment to claim an in-year refund. Please complete the appropriate form to claim back tax:

- If the payment used up your pension pot and you have no other income in the tax year, complete form **P50Z**.
- If the payment used up your pension pot and you have other taxable income, complete form **P53Z**.

**Partial lump sums**

If we don't have your correct tax details, HMRC will provide us with a revised tax code to make sure we apply the correct amount of tax to any future payments, and refund any overpaid tax from the first payment. If the wrong amount of tax is deducted and:

- further lump sums are paid in the tax year – due:** If you intend to make further lump sum withdrawals and/or take income in the current tax year, we'll normally pay back any extra tax you've paid in your future income payments;
- no further payment is taken within the tax year – due:** If you've taken cash from your pension pot and you're not taking regular payments complete form **P55**.

This information is based on our understanding of current taxation law and HMRC practice, which may change.

If you have any questions, go online at [aegon.co.uk/onlineform](https://www.aegon.co.uk/onlineform)

**Future lump sums (partial)**

After you take the first partial lump sum, HMRC issue a tax code to operate against any future payments. Then, if you take further payments in the tax year, the tax code will correct the tax over the course of the year. However, if you only take one payment in the tax year, HMRC may contact you after the end of the tax year to correct the amount of tax paid.

We'll continue using an emergency rate for future lump sums until we receive a tax code from HMRC.

**Money purchase annual allowance**

Taking benefits such as an uncrystallised funds pension lump sum will trigger the money purchase annual allowance tax rules. This means you'll have to pay a tax charge on contributions over £4,000 paid during the tax year to a money purchase pension(s) – for example a personal pension. Special rules apply in the year that the money purchase annual allowance rules first apply.

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## Submitting a Small pots lump sum request

# Finding the Small pots form

You can find the Small pots form online at [Your Retirement Planner - Make it happen.](#)

Select **Take all as a small pot.**

Retiready from AEGON

Your Retirement Planner

Home / Make it happen

1 Get prepared 2 Understand your options 3 Get help and guidance 4 Make it happen

### Make it happen

Decided which option you want to take? If so, select your choice from the list below. Please note, not all options are available under all plans and in particular there are restrictions for any contract with a guaranteed minimum pension or guaranteed annuity option.

Before applying you must:

- **Read and understand the risks of each pension option** – you'll find them at the top of each section.
- **Know your current contract type** – you can find this in the right-hand column of your Option letter or you can [contact us](#).
- **Have received details of all the retirement options available to you** – This would normally be sent out to you from age 50 then every five years and approximately six months before your estimated retirement date. You can see an [example of these communications here](#). If you're not near your retirement date, but are eligible to withdraw your savings, then please [contact us](#) and we'll arrange to send a retirement options pack to you.
- **Be aware that the lump sum options have no cancellation rights** – once we've paid you it can't be reversed and you can't pay the money back to us.
- **Understand what financial advice or guidance is available**. See our [Get help and guidance section](#) for further information.
- **Understand what supporting documents we require** – we can't process your application without these. See our [FAQ](#) for full details.

Take it as a cash lump sum

- All as cash
- Some as cash
- Take all as a small pot**

# Finding the Small pots form

Then **Select your contract type**, choose either **Aegon Retirement Choices** or **One Retirement**.

You need to answer a series of questions that have been designed for your client to answer directly, to make sure they understand the potential risks of this option.

The screenshot shows the 'Your Retirement Planner' interface. At the top, there's a green header with the title 'Your Retirement Planner'. Below it, a breadcrumb trail reads 'Home / Make it happen / small pot'. A progress bar with four steps is shown: 1. Get prepared, 2. Understand your options, 3. Get help and guidance, and 4. Make it happen. The 'Make it happen' step is highlighted. Below the progress bar is a navigation bar with a back arrow and the text 'Make it happen'. The main content area is titled 'Take all as a small pot'. It contains a yellow warning box with text about pension savings and a link to 'Pension Wise'. Below this is a note about required documents. A dropdown menu for 'Select your contract type' is set to 'Aegon Retirement Choice'. At the bottom, a red-bordered box contains the text 'Before you apply please answer the following risk questions.' and a green 'Start' button.

Once you've answered the questions you'll be able to download the form.

The screenshot shows the 'Results' section. It has a title 'Results' and a paragraph stating: 'From what you have answered, it looks like you are fully aware of the risks involved and are in a position to get started.' Below this is a yellow box with text: 'If you want to take all of your pension pot as a small pot lump sum, you should make sure you're comfortable with the amount you'll receive after tax. 25% of the cash lump sum is tax free, and the remaining 75% would be taxed as income. This may put you in a higher tax bracket. Read [How will you be taxed?](#) to see more information on how this will work.' At the bottom of the yellow box, it says: 'If you'd like to continue, please print and complete the form.' A red-bordered box at the bottom right contains a green button with the text 'Aegon Retirement Choices - Small Pots Lump Sum (PDF)'.

# Small pots form – guidelines

At the start of the form, we set out the guidelines for completing the form.

We recommend you read these as this will help you provide all the information we require to process your client's request.

You should only complete a Small pots form if:

- The value of your client's pension is £10,000 or less
- Your client hasn't already taken three Small pots lump sums, and
- Your client wants to fully cash in their pension.

We don't offer partial Small pots - a full withdrawal must be taken.

For customers

## Small pots lump sum

### Payment instruction

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio CD version of this document, please contact us on 0345 608 1680 (call charges will vary) or by visiting [aegon.co.uk/support](https://aegon.co.uk/support)

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

This form instructs us to pay you a small pots lump sum from your Aegon Retirement Choices and/or One Retirement wrapper(s) with us, if you meet the conditions described on page 2. If you only want to take a tax-free lump 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 five 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 wrapper(s) numbered in section 2 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 your wrapper(s) 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 haven't received your retirement options pack yet;
- you don't meet the conditions on page 2, 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 [gov.uk/estimate-income-tax](https://gov.uk/estimate-income-tax)

# Small pots form – conditions

Next we set out the conditions when cashing in your client's pension.

You'll also find details of where to post or email the form once you're ready to send it to us.

## 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**. You can check the current value of your wrapper(s) online to see if you can take a small pots lump sum.

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, these payments 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.

When we pay you the small pots lump sum, the cash-in value of your wrapper must be no more than £10,000. The number of wrappers that you can take as a small pots lump sum will depend on the number of these payments that you've received previously.

Number of small pots lump sums received previously	0	1	2
Number of wrapper(s) with cash-in value of £10,000 that can be taken	3	2	1

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).

We'll tax all commuted **crystallised funds** as pension income using your UK tax code.

If we don't have a tax code for you we'll deduct tax at the UK basic rate of tax.

If you're a higher or additional rate tax payer you may have a further tax liability usually paid through your assessment form. HMRC will contact you at the end of the tax year if you haven't paid the correct amount of tax.

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

- Type in the boxes, including the signature box.
- 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 [moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](http://moneyhelper.org.uk/en/pensions-and-retirement/pension-wise)
- You may also want to seek regulated financial advice before completing this payment instruction.

**Email 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 is internally secure. However we're unable to ensure the security of emails before they reach us. Please consider this when sending us sensitive information.

# Small pots form – client and lump sum details

Complete your client's details.

And tell us if they've previously taken any small pots lump sums as well as the wrapper number they want to take this small pots lump sum from.

**1 About me**

Title (Mr/Mrs/Miss/Ms/Other – please specify)  
Full forename(s)  
Surname  
Date of birth (dd/mm/yyyy)  
National Insurance number  
Contact phone number  
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 in page 2.

2.2 Please tell us the wrapper number(s) you want to take a small pots lump sum from.  
The amount in each wrapper can't be more than £10,000 at the time the **small pots lump sum** is paid.

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# Small pots form – bank details and required documents

Tell us the bank details of where your client would like us to pay the money into.

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 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)

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We include a handy list of all the documents we need to process your client's request.

Please review this carefully and make sure you send us everything we need.

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)

Current passport  National identity card

Current photo card driving licence (full or provisional)  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.

List A (tick one)

Current (old pre-photo card style) full UK driving licence

Birth certificate

Proof of benefit entitlement in the last three months

HM Revenue & Customs (HMRC) tax notification quoting National Insurance number sent to your home address

List B (tick one)

Current council tax demand letter or statement received in the last three months

Credit card statement received in the last three months

Mortgage statement received in the last three months

Local authority rent card or tenancy agreement

? 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

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.

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

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# Small pots form – risks

So your client is fully aware we cover the risks associated with cashing in their pension.

Please take your client through these.

**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.**

**5.5** 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.**

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**5 About the risks – continued**

**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 [fca.org.uk/scamsmart](http://fca.org.uk/scamsmart) and [pension-scams.com](http://pension-scams.com)**

**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.**

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# Small pots form – declaration and definitions

Your client must read and type their full name in the declaration.

You must read and type your full name in the adviser declaration.

Progress bar: About me, Partial lump sum, Bank details, Required documents, About the risks, Declaration

## 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.

6.1 I request that you pay the funds from the wrapper(s) to me as small pots lump sum(s). I declare that the following conditions for payment of the small pots lump sum(s) are met:

- a I've not previously received more than two such payments in respect of arrangements under **non-occupational pension schemes**;
- b where I've not previously received a small pots lump sum from such an arrangement, I've not listed more than three wrappers and at the time of payment the fund value under each of the wrappers isn't more than £10,000;
- c where I've previously received one small pots lump sum from such an arrangement, I've not listed more than two wrappers and at the time of payment the fund value under each of the wrappers isn't more than £10,000;
- d where I've previously received two small pots lump sum from such an arrangement, I've listed only one wrapper and at the time of payment the fund value under the wrapper isn't more than £10,000;
- e 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
- f the payment will extinguish my entitlement to benefits under the wrapper(s).

6.2 I acknowledge that a small pots lump sum(s) payment can't be made to me from the wrapper(s) 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(s) can't be made from a wrapper to me if the value of that wrapper is greater than £10,000 at the time of payment. If any wrapper listed in 2.2 is greater than £10,000 at the time of payment then no small pots lump sum payment can be made from that wrapper.

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.

You (the investor) should sign and date this form by typing your full name in the signature box below and typing the date in the date box. Your typed name in the signature box will be your signature. When you sign the form, by typing your name in this box, you are making the declarations and confirming that you wish to proceed with the instructions in this form.

Date (dd/mm/yyyy)

Investor signature - type name here

**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.

**We can't process your instruction until you've met these requirements**

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## 7 Adviser declaration

Where you have completed this instruction on behalf of the customer named in section 1, when you sign the form, by typing your name in this box, you are making the declarations and confirming that the customer wishes to proceed with the instructions in this form.

By signing this instruction, by typing your name in the box below, you make the following additional declarations:

7.1 You declare that:

- to the best of your knowledge and belief, the information supplied to Aegon on behalf of the customer is true and complete;
- you have the appropriate authority from the customer to complete this form, to make the declarations in this form on their behalf and to provide Aegon with the instructions set out in this form, acknowledging that Aegon reserves the right to request a copy of the authority and failure to provide a copy when requested may result in Aegon being unable to proceed with the instructions; and
- you have discussed the form with the customer and they are aware of its content, they agree to the declarations and agree to you submitting this application on their behalf.

7.2 You hereby indemnify Aegon against all claims, losses, tax charges, penalties and interest incurred or due to be paid by Aegon as a result of your failure to obtain the appropriate authority from the customer and/or supplying incorrect or inaccurate information and Aegon relying on and following the instructions given in this application form.

Date (dd/mm/yyyy)

Adviser signature - type name here

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# Small pots form – declaration and definitions

We include definitions of the more complicated terms we may use so your client is aware of what they mean.

## 8 Definitions

**Crystallised funds** – are pension funds which have been used to provide benefits, which for the purposes of this form is drawdown.

**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.

**Registered pension scheme** – is a pension scheme that's registered with HMRC under Chapter 2 Part 4 of the Finance Act 2004.

**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.

If you have any questions, please go online at [aegon.co.uk/support](https://aegon.co.uk/support)



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