

# Key Features of the Cash-Out Retirement Plan



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# Using this document

## What are Key Features?

The Financial Conduct Authority is a financial services regulator. It requires us, Legal & General, to give you this important information to help you to decide whether our Cash-Out Retirement Plan is right for you.

**!** You should read this document carefully so you understand what you are buying, and then keep it safe for future reference.

## Other documents

We want you to be confident that you have all the information you need to decide if the Cash-Out Retirement Plan is right for you. You should also read the following documents:

- your Cash-Out Retirement Plan quote
- our Terms and Conditions.

Use the contact details on the back page to get in touch if you haven't received these.

## Important information about your decision

Deciding to transfer an existing pension plan into a Cash-Out Retirement Plan is an important decision. You can buy a plan with us or another provider and by shopping around you may be able to improve the income you receive.

Other providers may offer products, features and terms that we don't offer, or they might be better value for money.

**!** Once we've set up your plan and your cancellation period has ended, changing your mind could have serious financial implications.

## Guidance and advice

You should seek guidance or financial advice to help you understand your options and decide what's best for you.

### Pension Wise from MoneyHelper

Pension Wise is a free and impartial government service from MoneyHelper that offers:

- tailored guidance (online, by phone or face-to-face) to explain your options and help you think about how to make the best of your pension savings
- information about the tax implications of different options
- tips on getting the best deal, including how to shop around.

Visit [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise) for more details. If you'd prefer to speak to someone over the phone or book a face-to-face appointment you can call **0800 138 3944**.

### Financial advice

A financial adviser can help you understand your options and decide what's best for you. If you don't have a financial adviser, you can find one in your area by visiting [unbiased.co.uk](https://unbiased.co.uk) and entering your details. An adviser may charge for their services.

**!** We're not giving you financial advice by sending you this document. It's up to you to decide if this plan is suitable for you.

# Key Features of the Cash-Out Retirement Plan

## Its aims

- To pay you a regular income, which can increase each year, over a fixed term of your choice.
- To pay the income to your beneficiary or estate if you die during the plan term.

## Your commitment

- To transfer a pension pot to us of at least £10,000 (after taking any tax-free cash).
- To decide how long your plan will run for. You can choose a minimum term of three years up to a maximum of 25 years.
- To choose the payment options that are right for you. You won't be able to change these options once your plan has started and your cancellation period has ended.

Please see '**Can I change my mind?**' on page 9 for more details.

## Risks

- If your circumstances change during the term of the plan, you won't be able to change your options.
- You have 30 days from the date you receive confirmation your plan started to change your mind. After that, if you want to cash-in or transfer your plan, the amount paid will be less than the remaining income payments due.

Please see the '**Can I get my money out if my circumstances change?**' on page 8 for more details.

- The effect of inflation over time could leave you less well off than you'd expected, depending on which payment option you choose.
- The plan does not guarantee an income for life.
- You might get better value from a product that assesses your health or lifestyle.
- The income we pay you may have an impact on any means-tested state benefits that you receive.
- If your plan runs for a short term (typically less than five years), the total income payable may be less than the amount used to buy the plan.

# Your questions answered

## What is a Cash-Out Retirement Plan?

A Cash-Out Retirement Plan is a fixed term contract that pays you a guaranteed regular income over a term of between three and 25 years.

When your plan ends, no further payments will be made and there's no maturity value.

When you take out the plan you become a member of the Legal & General Retirement Pension Scheme. This is an HM Revenue & Customs (HMRC) UK Registered Pension Scheme.

## When can I buy a Cash-Out Retirement Plan?

You can buy a Cash-Out Retirement Plan if you're aged between 55 and 85.

## How long will my Cash-Out Retirement Plan run for?

You can choose any term between three years and 25 years. This must be in whole years and months.

## How much can I use to buy a Cash-Out Retirement Plan?

You can use from £10,000 with no upper limit. This amount can only be paid by transferring money from an existing pension plan.

Our £10,000 minimum limit is after any tax-free cash has been paid and any adviser charges have been deducted.

## Case study

Helen has a **£50,000** pot and takes **25%** of it as tax-free cash.

Helen then uses the remaining **£37,500** to buy a Cash-Out Retirement Plan and chooses a term of **10 years**.

Helen receives a yearly income of **£4,215**.

The yearly income is subject to income tax. Legal & General will deduct income tax and pay it to HMRC on Helen's behalf.

Over the full term of her plan, the total amount of income Helen receives before tax is: **£4,215 × 10 years = £42,150**.

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The figures used above are examples only. Please see your personal quote for details of the actual amount that you would receive.

Source: Legal & General, January 2024

## Is a Cash-Out Retirement Plan suitable for me?

**A Cash-Out Retirement Plan may be suitable for you if you'd like:**

- a regular income over a period of your choice, and you want to know exactly how much you'll receive and when
- to avoid your pension pot going up and down in value due to changes in investment conditions
- an income that can fill the gap until you get another source of retirement income, such as a final salary pension or your state pension
- the option for your regular income to increase to protect it from inflation
- your income payments to be made until your plan end date, even if you die before that date.

**A Cash-Out Retirement Plan may not be suitable for you if you'd like:**

- to withdraw cash from your pension pot whenever you like
- the flexibility to change any of the options you've chosen
- your returns to vary depending on investment conditions
- to make further single or regular contributions into the plan in the future
- an income that lasts for your lifetime and does not end at a set date in the future
- a product that could pay more if you have certain lifestyle risks or medical conditions.



## How much tax-free cash can I take?

You can normally take up to 25% of your pension pot as a tax-free cash sum, subject to the availability of any allowances.

The lump sum allowance is the maximum amount you can take in tax-free lump sums across all the pension schemes you belong to. For most people the lump sum allowance will be £268,275 but you may have a protected higher amount.

If you would like to take a tax-free cash sum, you'll need to let us know when you apply for your plan. Once your plan has started, you won't be able to change your decision.

## How much regular income will you pay me?

This depends on:

- the amount of money you use to buy your plan
- the term of your plan
- which payment options you choose
- the return we can offer you when you start your plan
- the amount of income tax you pay.

We'll show you how much income you'll be paid in your personal quote.

Please see **'Your income options'** on page 11 for more information.

## How will you pay me my income?

We'll pay your income directly into your bank or building society account. We won't make payments by cheque.

## Will I have to pay tax on my income?

Because your payments are treated as earned income, they'll be taxed. The amount of tax you pay will depend on your individual circumstances and may be subject to change in the future.

Each year we'll send you a P60 confirming the total amount of income we've paid you and the tax we've deducted.

## Will my annual allowance be affected?

Your annual allowance is the limit on how much money you can build up in your pension in any one tax year while still benefiting from tax relief.

For most people, the standard annual allowance for the current tax year is £60,000. When you start receiving payments from your plan your limit will reduce to £10,000 a tax year from that point onwards. This is known as the Money Purchase Annual Allowance (MPAA).

If you have flexibly accessed any other pension benefits you will already have triggered the MPAA. Your pension provider will have notified you of this.

For more information visit [gov.uk/tax-on-your-private-pension/annual-allowance](https://www.gov.uk/tax-on-your-private-pension/annual-allowance)



## Can I get my money out if my circumstances change?

Yes, you can ask us for a cash-in or transfer value at any time during the term of your plan.

The amount we pay will be calculated by giving a value to the future income payments due to you and deducting our administration and dealing costs. This will be affected by the underlying assets and interest rates at the time, which will go up and down.

**!** This means that the cash-in or transfer value will always be less than the total amount due in income payments. The earlier in your plan term you choose to do this, the lower the value is likely to be.

If you choose to cash-in, we'll deduct any income tax due and pay you the money. If you're transferring, we'll pay the money directly to the pension scheme you choose.

## Case study

Helen has a **£50,000** pot and takes **25%** of it as tax-free cash.

Helen then uses the remaining **£37,500** to buy a Cash-Out Retirement Plan for a term of **10 years**. She receives yearly income payments of **£4,215** before tax.

After three years Helen decides to cash-in her plan.

She has seven income payments due to her totalling **£29,505**.

Helen receives a cash-in value of **£25,052** which includes a deduction for our administration and dealing costs.

The figures used above are examples only and actual values will depend on individual circumstances. For more information please see the Terms and Conditions.

Source: Legal & General, January 2024



## What are the charges?

When setting the rate used to calculate your income, we take into account the costs of setting up and maintaining your plan.

There are no further charges to pay. However, if you transfer your plan or cash it in, we will make a deduction to cover our administration and dealing costs.

Please also see '**Will you make any payment to my financial adviser or intermediary?**' on page 12.

## Will I receive anything when the plan ends?

No, there is no 'maturity' payment at the end of the plan. The full value of your plan is paid out to you through the regular income payments over the term of the plan.

## How can I get an update on my plan?

If you have any questions about your plan, you can contact us using the details shown in the 'Get in touch' section on the back cover. We'll also send you a statement each year giving you an update on your plan.

## Can I manage my plan online?

Once you've received your plan number you'll be able to register for My Account at [legalandgeneral.com/myaccount](https://legalandgeneral.com/myaccount)

My Account allows you to manage your plan quickly and easily online:

- View your plan.
- Update your address and personal details.
- Find answers to frequently asked questions.

## Can I change my mind?

You can cancel your application:

- at any point before your plan starts
- up to 30 days from the date you receive our confirmation that your plan has started.

### If you cancel before any tax-free cash is paid and before your plan has started:

If we've received your pension pot we'll contact your previous pension scheme to see if they're willing to accept it back. If they won't, we'll ask you to choose another provider who will accept the transfer or choose another pension or retirement income product with us.

### If you cancel after any tax-free cash is paid or after your plan has started:

We can't return your tax-free cash. We can't return your pension pot to the transferring pension scheme. You must buy a retirement income product with us or another provider. If you don't do this within six months of your tax-free cash being paid, you'll have to pay tax charges on the tax-free cash amount.

## How do I cancel?

If you wish to cancel, please contact us. Our contact details are on the back cover. If we've paid you any income, you must return this money to us within 30 days of letting us know.

If you decide to cancel and have used part of your pension pot to pay an adviser charge, we will reclaim the charge from your financial adviser. Your financial adviser may then ask you to pay for the services they have provided using another method.

If you decide to cancel and you have paid the adviser charge directly to your financial adviser, we will not reclaim the adviser charge from your adviser.

## What happens if I die before the end date?

Your plan has a guaranteed minimum payment period that runs until your plan end date. This ensures that your income payments will be made until your plan ends, even if you die before that date.

The person we pay in the event of your death is known as your beneficiary. You can nominate a beneficiary to let us know who you would like to receive any money due. You can change your nominated beneficiary at any time.

Your beneficiary will have the option to take any remaining income due as a lump sum. We'll calculate this in the same way that we calculate a cash-in or transfer value. The lump sum value will always be less than the total amount due in income payments.

For more information please see the Terms and Conditions.

## Tax on death benefit payments

If you die before age 75, any death benefit payment will normally be free of income tax provided the benefits paid under this plan and any other pension you have do not exceed the Lump Sum and Death Benefit Allowance. This is the combined allowance for the total amount that can be paid as tax-free lump sums, both during your lifetime and when you die.

The allowance is normally £1,073,100 but you may have a protected higher amount. Any benefits paid which exceed this allowance will normally be taxed at your dependant or beneficiary's highest rate of income tax.

If you die age 75 or over, this payment will normally be taxed at your dependant or beneficiary's highest rate of income tax.

If you die age 75 or over and we pay your estate, any lump sum payment will be subject to the special lump sum death benefit charge of 45%.

# Your income options

## Option 1:

### A fixed income

A fixed income means your income will always stay the same.

You'll know how much you'll be paid and when. But it comes with the risk that your income won't be worth as much over time because of inflation.

For example, if inflation averaged 2% a year:

- after 10 years the value of £100 in today's money would only be £82
- after 25 years it would be just £61.

## Option 2:

### An income that increases

If you're worried about inflation affecting your income, we can pay you an income that increases each year by a fixed percentage – anything up to and including 10%.

With this option, your income will be lower to begin with than with a fixed income.

## Payment frequency

You'll also need tell us how often you want us to pay your income.


We can make payments either:

- monthly
- quarterly
- half yearly
- yearly.

We can pay your income either:

- in advance – paid at the start of the payment period
- in arrears – paid at the end of the payment period.

An income paid in arrears will be higher than one paid in advance, but you'll have to wait until the end of the payment period before we make your first payment.

 It's important to think carefully about your options. The options you choose will affect the amount of income you receive and once decided upon they can't be changed.

# Your quote

## How long is my quote guaranteed for?

The rate used to produce your quote is guaranteed for a limited period. This is shown on your quote.

To secure the rate shown on your quote, we must receive your completed application and the money from your pension pot(s) before this date. If we receive the application or the money after this date, the rates available at the time will apply. This may change the amount of income you will receive.

## What should I do if I want to accept my quote?

You should complete your application and provide us with any requested documentation.

You can change your mind up to 30 days from the date you receive our confirmation that your policy has started.

See 'Can I change my mind?' on page 9 for more information.

## Will you make any payment to my financial adviser or intermediary?

If you ask us to pay an adviser charge, we will show it on your quote. We recommend consulting with your financial adviser to discuss your adviser charge and its implications.

We may pay commission or an introducer fee to your financial adviser or intermediary, for arranging your Cash-Out Retirement Plan with us. This will be shown on your quote. Any commission or introducer fee payable is accounted for when we set our rates, so this will not impact the income quoted.



# How to make a complaint

If you want to complain about any aspect of our service, or if you'd like us to send you a copy of our internal complaint handling procedure, please contact us on **0370 050 2616**. Call charges will vary. We may record and monitor calls.

Making a complaint will not affect your legal rights.

**You can refer any complaint about our administration that we can't settle to:**

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Phone: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [pensions-ombudsman.org.uk](http://pensions-ombudsman.org.uk)

**You can refer any sales related complaint that we can't settle to:**

The Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange Square  
London  
E14 9SR

Phone: 0800 023 4567 or 0300 123 9123

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)

# Further information

## Which law and language do you work in?

All the information in this document is based on our understanding of current law relating to pensions.

This contract is governed by English Law. All our customer communications will only be available in English. All communications from us will normally be by letter, phone or email.

## What if there's a conflict of interest?

We provide a wide range of services to many different customers. Sometimes circumstances may arise where our duties to customers differ from what is best for us or for another customer. This is a conflict of interest.

We take our responsibility to identify and manage conflicts of interest fairly between us and our customers, or between two or more different customers very seriously. To make sure we treat customers consistently and fairly, we have a policy on how to identify and manage these conflicts.

Further details of our conflict of interest policy are available on request.

## Who regulates Legal & General?

We're authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. We're entered on the Financial Services Register under number 117659.

You can check this at [register.fca.org.uk](https://register.fca.org.uk), or you can call 0800 111 6768.

Or you can write to The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.

## What is client categorisation?

There are various categories of client set out in the financial regulations. If you buy this Legal & General product, we'll treat you as a 'retail client'. Being a retail client gives you the greatest level of protection under the regulations and makes sure you get full information about any products you buy.

If, under the regulations, you're a professional client or eligible counterparty, we'll still treat you as a retail client, although this wouldn't necessarily mean that you would be eligible to refer any complaints to the Financial Ombudsman Service or to make a claim under the Financial Services Compensation Scheme.

## Solvency and Financial Condition Report (SFCR)

We're required to publish an annual Solvency and Financial Condition Report (SFCR) describing our business and its performance, our system of governance, risk profile, valuation for solvency purposes and capital management. Our latest SFCR, which is titled 'SFCR for Legal & General Group PLC', can be found on our website at: [group.legalandgeneral.com/en/investors/results-reports-and-presentations](https://group.legalandgeneral.com/en/investors/results-reports-and-presentations)

## What if Legal & General runs into financial difficulties?

We're covered by the Financial Services Compensation Scheme (FSCS). If you're a UK resident, you may be entitled to compensation from the FSCS if we can't meet our obligations. This depends on the type of business and the circumstances of the claim.

Currently 100% of the value of the valid claim is covered. There's no upper financial limit on the claim.

You can find out more about the FSCS (including amounts and eligibility to claim) by visiting [fscs.org.uk](https://fscs.org.uk) or calling 0800 678 1100.

Investor protection legislation and regulation may change in future. If you live outside of the UK, you should speak to a financial adviser to clarify your eligibility.

## About us

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, the Middle East and Asia.



# Get in touch

You can call us on

**0800 048 2446**

Open Monday to Friday, 9am to 5pm.

We may record and monitor calls. All of our call centres are based in the UK.

You can email us at:

**retirement@landg.com**

You can write to us at:

**Legal & General Retirement,  
PO Box 809, Cardiff, CF24 0YL**

You can visit our website at

**legalandgeneral.com/retirement**

## Additional support and alternative formats

Please contact us if you have any special circumstances you'd like to tell us about. We may be able to provide some extra support.

You can also request this document in Braille, large print or audio.

### **Legal & General Assurance Society Limited**

Registered in England and Wales No. 00166055.

Registered office: One Coleman Street, London, EC2R 5AA.

Legal & General Assurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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