



Death Benefits under Flexi-Access pension rules

As well as providing almost complete flexibility in terms of how you access your pension pot for lump sums or regular income, the new pension rules which came into effect in the 2015/16 tax year have altered the death benefits payable under the modern pension plans. Below is a summary of the pre and post age 75 death benefit options.

Death before age 75 (Uncrystallised Funds)*

The beneficiary can:

- Receive a lump sum tax free (up to the limit of the deceased lifetime allowance).
- Receive tax free income from a flexi access drawdown arrangement.
- Purchase an annuity with payments made tax free.

Death before age 75 (Crystallised funds)**

The beneficiary can:

- Receive a lump sum tax free.
- Receive tax free income from a flexi access drawdown arrangement.
- Purchase an annuity with payments made tax free.

Death on or after age 75 (Uncrystallised funds)

The beneficiary can:

- Receive a lump sum taxed at highest marginal rate.
- Receive income from a flexi access drawdown arrangement, taxed at highest marginal rate.
- Purchase an annuity; payments taxed at highest marginal rate.

Death on or after age 75 (Crystallised funds)

The beneficiary can:

- Receive a lump sum, taxed at highest marginal rate.
- Receive income from a flexi access drawdown arrangement, taxed at highest marginal rate.
- Purchase an annuity; payments taxed at highest marginal rate.

*Uncrystallised funds – Pension funds from which no pension commencement lump sum or income has been drawn.

**Crystallised funds – Pension funds from which either pension commencement lump sum, income, or a combination of both has been drawn.

Head Office: Third Floor, Formal House, 60 St George's Place, Cheltenham, GL50 3PN

Tel: 01242 539848

info@ethicalinvestors.co.uk

www.ethicalinvestors.co.uk

www.ethical-giving.org

Authorised and Regulated by the Financial Conduct Authority

Ethical Investors Group is the trading name of Ethical Investors (UK) Limited. Registered Office: Third Floor, Formal House, 60 St George's Place, Cheltenham, GL50 3PN. Registered in England. Registered number 2857294. FCA no. 165222. Directors: Lee V Coates OBE, Philip Townsend DipPFS