

## **Tax-free Cash protection**

An occupational pension scheme works out a members tax-free cash allowed based on salary and service and this could be 100% of the fund whereas the new rules would restrict it to 25% of the fund. The Trustees of the scheme can register the higher % with the Inland Revenue where it will be honoured so long as the member does not transfer schemes (a group transfer say if the company is sold is ok).

This brings out a number of areas. Obtaining information will become increasingly difficult so get in early.

Where is the money held, is it secure, is the investment suitable, does the scheme offer the right choices at retirement?

A transfer at retirement will mean losing either the higher cash sum or the flexibility of drawdown. An alternative may be to transfer to a Section 32 Buy out plan; some of these offer drawdown and even Self-invested options.

Our suggested action

1. Find all your old pension statements and correspondence.
2. For any company schemes download our Tax-free cash letter and send it to the Trustees/Insurance Company.
3. If cash is higher than 25% fund/notional fund, contact us for advice.