

For members

# Aegon Master Trust Drawdown Account Summary





The trustees of the Aegon Master Trust have appointed us (Aegon) to administer the drawdown account on their behalf. They've asked us to write and produce this communication. When we refer to we, us and our we're referring to Aegon. We'll refer to the board of trustees as the trustees.

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio version of this document, please contact us on 0345 601 7720 (call charges will vary) or, visit [\*\*aegon.co.uk/support/additional-support\*\*](https://www.aegon.co.uk/support/additional-support).

# Drawdown account

If you want a flexible retirement income, you can set up a drawdown account and take an income from it.

The drawdown account provides you with flexi-access drawdown. This allows you freedom to take the income you'd like each year, up to the value of the account and subject to any limitations that may be imposed by scheme rules. Because your pension pot remains invested, its value can still fall as well as rise and isn't guaranteed. The value of your pension pot when you come to take benefits may be less than has been paid in and isn't guaranteed.

Please read this drawdown account Summary with the drawdown account Member Guide and Your Investment Options guide.

## **There are a number of things you'll need to consider**

### **1. Decide how you want to take your money from your drawdown account**

You have three options:

1. Take all the benefits in your drawdown account in one go. Choose a tax-free cash payment of up to 25% of the full amount that you move into your drawdown account and then take taxable income payments from the remaining fund. The income payments can be made on a regular basis, or you can take ad hoc payments when you want to.
2. Choose to take benefits from your drawdown account in stages over a period of time. Instead of taking 25% tax-free cash at the time you move funds into your drawdown account, you can take regular or ad hoc payments, with up to 25% of each payment being tax-free.

3. Or you can have a mixture of the above two options. For example, if you held £100,000 in a drawdown account, you could split it between options 1 and 2. For the first £50,000, £12,500 would be paid as a tax-free lump sum with the balance of £37,500 being invested in flexi-access drawdown.

The other £50,000 would be held in the uncrystallised part of the drawdown account. Each time you chose to take income, up to 25% would be paid tax-free with the balance moved to drawdown to be paid as taxable income.

This is based on our understanding of current taxation law and HM Revenue & Customs (HMRC) practice, which may change.

## **2. Work out when, for how long and how much money you want**

- Think about how often and how much income you'll need.
- Work out how long you anticipate using your drawdown account to take flexible retirement income.
- Remember, you can delay taking an income until it suits you, or change the frequency and amount of income you'd like at any time.

The level of income isn't guaranteed. Drawing income will reduce the value of your account. You may need to reduce your drawdown income in the future, in particular if investment performance isn't sufficient, or you live to a greater age than originally anticipated.

The level of income you take will need to be reviewed regularly.

The income you receive may be lower or higher than you could receive from an annuity, depending on the performance of your investments.

The rules governing how much income you can take may change. This could mean flexi-access drawdown no longer meets your requirements.

### **3. Choose the funds to invest in**

- Access a range of investment funds designed to give you investment growth potential while taking an income.
- Choose funds to invest in that match your income objectives and attitude to risk.
- Find out more by reading Your Investment Options guide.

Please remember, the value of an investment, and any income from it, can fall as well as rise and isn't guaranteed. You could get back less than has been paid in. For advice as to whether a fund is suitable for you, please speak to a financial adviser - there may be a charge for this.

### **4. Access and manage your account online**

You can manage your drawdown account and request changes to investment funds, income levels and personal details using our member website at [aegon.co.uk/targetplan](https://aegon.co.uk/targetplan)

### **5. Regularly review**

You should review your pension accounts and any income you receive from them at least once a year. This is important as things may change - for example:

- The value of your drawdown account can fall as well as rise. The performance of the investments your account is invested in may impact how much income you can drawdown to avoid running out of money too soon.
- You may start receiving the State Pension, which means the amount you need or want from your drawdown account may have changed. This may also impact your marginal rate of income tax or any means-tested benefits you're entitled to.

# Important information about the drawdown account

## Eligibility

You must be age 55 or over (increasing to age 57 from 6 April 2028), or have ceased to carry on your normal occupation because of ill health. You must also have a UK bank account and be habitually resident in the UK.

## Charges

There are no set-up charges. Each fund has a charge to cover running costs. Please see Your Investment Options guide for more details. There are no other administration charges.

## Tax-free cash

Each time you take any benefits, you can normally take up to 25% as a tax-free lump sum with the remainder being put into flexi-access drawdown. This information is based on our understanding of current taxation law and HMRC practice, which may change.

## Income payments

Your income payments can be paid monthly, quarterly, half-yearly or yearly, and can be increased or reduced at any time automatically. The payments may be for any amount, subject to a minimum of £10 per payment, and are subject to a maximum of 12 payments a year. Income payments are paid using the Pay As You Earn (PAYE) system and subject to income tax at your marginal rate.

## Transfers in

You can add to your drawdown account by transferring in any retirement savings you have in other registered pension schemes. Subject to our agreement, you can also arrange for any pension credits awarded to you as part of a divorce settlement to be paid into your drawdown account.

## Transfers out

You can transfer to another provider or buy an annuity at any time.

Transferring a pension may not be the best option for you. You may lose features, protections, guarantees or other benefits – so make sure you compare products before transferring. It's up to you to decide if this is the right decision for you. If you're not sure, speak to a financial adviser – there may be a charge for this.

## **Death benefits**

Any remaining assets may be passed on to your dependants and/or nominated beneficiaries on your death as either a lump sum, or designated to a drawdown account in their own name. This allows them to receive an income after your death, either by income payments from their drawdown account, or buying an annuity.

For more information, please read the Death benefits section in your Member Guide.

## **If you need more help**

You should speak to a financial adviser in the first instance if you need advice about your investments. There's likely to be a charge for this. If you don't have a financial adviser, you can find one in your area by visiting **MoneyHelper**.

If you're aged 50 or over, you can book a free appointment to speak with someone at Pension Wise – a government service from MoneyHelper that offers free pensions guidance. Appointments are available by phone or face-to-face. They'll talk you through your options to help you make an informed choice when you access your pension savings.

You can book your appointment online (**pensionwise.gov.uk**) or by calling them on 0800 138 3944.

The government want to encourage members to make use of this service and therefore when applying to take your benefits you'll be asked if you've either had guidance from Pension Wise or you're willing to opt out of having guidance.

You should shop around as other providers may offer income drawdown products that are more appropriate for your needs and circumstances, and may offer a higher level of retirement income.

## Want to know more?

 0345 601 7720

 [\*\*my.pension@aegon.co.uk\*\*](mailto:my.pension@aegon.co.uk)

 [\*\*aegon.co.uk/targetplan\*\*](https://aegon.co.uk/targetplan)

Call charges will vary.

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 you have access to our online services, you may be able to log in and complete your action securely.



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