

What happens to your pension when you die?

It's one of the most common questions at retirement. What happens to your pension when you die? How can you provide for those you leave behind? How you do this will depend if you need a secure income - an **annuity** - or prefer more flexibility but accept income is not guaranteed, using a higher risk option known as **income drawdown**.



	What are my options?	How can income continue after my death?	Any return of pension fund?	Do I have to decide now?
Annuity	A secure lifetime income. Provides valuable security. The flipside is it cannot be cancelled or amended so it is important to consider options carefully. See right for the safety nets you can include, and overleaf for some "at a glance" figures.	Select a continuing income to a spouse (joint life annuity). You can choose how much income they receive when you die. See the joint life pension tip below. Select a guarantee of up to ten years . Your annuity will be paid out for the guarantee period even if you die early. If you survive the guarantee, the income will be paid for the rest of your life, or your spouse's life if you've chosen this.	No, unless you have chosen a 'money back' option (value protection), where any remaining fund is paid to your beneficiaries less 55% tax if you die before a set age.	Yes. You cannot normally change the death benefits once set up.
Drawdown	No income security, but flexibility to keep your options open. If you do not need a secure income, income drawdown allows you to keep control of your pension fund.	Your dependant can buy a lifetime annuity (taxable income) with the remaining fund. If the full amount is used for this there is no lump sum tax charge. Your dependant can continue to take a taxable income with income drawdown. If the full amount is used for drawdown there is no lump sum tax charge on your death. They can also go into flexible drawdown, if they meet eligibility requirements.	Yes. You can nominate to whom you'd like death benefits paid at any time. The lump sum will be subject to a 55% tax charge. There is also the option to pass the pension to charity.	No. No advance decisions required.

IMPORTANT NOTES:

Tax rules can change over time. If you are at all uncertain about the suitability of a product for your circumstances we strongly suggest you take advice. Income drawdown is higher risk and not suitable for everyone. Your income is not secure, poor investment performance and excessive income withdrawals can deplete the fund leaving you short of income. You should not go into income drawdown without advice unless you are comfortable making your own decisions.

Annuity quotes are only guaranteed for a limited time; annuity rates can change regularly and may go up or down in future. An annuity is a long term investment. Once set up, income cannot normally be changed or cancelled so it is important to consider your options carefully. It is important to consider the effects of inflation when setting up an annuity income. This bulletin is not advice. If you are unsure of the suitability of any investment please contact us for financial advice. Pension rules are subject to change. Correct as at 05.06.13. May not be reproduced without permission.

Joint Life Annuity Tip

Add your spouse or partner, effectively free. It costs on average 9.1% more to provide a spouse's pension paying 50% of your income, compared to an annuity for you only (for healthy 65 year old with a spouse three years younger, buying a level annuity with no guarantee). But consider this: if you boost income in other ways, by shopping around and declaring health, you could effectively get that joint life pension for free.

→ Compare annuity incomes which cover your spouse/partner by visiting our annuity calculator at www.hl.co.uk/annuity or call **0117 980 9940**. Find out more about drawdown and how it works at www.hl.co.uk/drawdown.

ENHANCE YOUR ANNUITY INCOME IN MINUTES

An enhanced annuity could pay you substantially more income than standard rates based on your health or lifestyle. Visit the UK's first online enhanced annuity quotation tool:

www.hl.co.uk/enhanced-annuity and see if you qualify. The service compares quotes from a panel of most of the main providers.

Mr Walder from Lancashire did just that:

"I was able to login and enter my details and medications quickly and easily. What I found particularly useful was that I was able to find my specific medication from the website itself. No routing around for prescriptions or finding the exact spelling, it was all available from a prescribed list. I got live and fully underwritten quotes in a matter of minutes. I would give it a 10 out of 10."

IN FOCUS: HIGH CHOLESTEROL COULD BOOST YOUR INCOME

In 2008, 70% of males and 83% of females in England age 55-64 had high cholesterol (Source: British Heart Foundation, High cholesterol levels >5.0 mmol/litre total cholesterol).

Cholesterol is a fatty substance known as a lipid and is vital for the normal functioning of the body. Having an excessively high level of lipids in your blood can have an effect on your health. High cholesterol is one of the conditions that may qualify you for an enhanced annuity income. Your GP can discuss high cholesterol with you and arrange a test.

To get the best rate, be sure to declare the:

- Date of diagnosis
- Latest reading (mmol/litre)

- Date of latest reading
- Number and names of any prescribed medication you take

To find out more visit our enhanced annuity webpage www.hl.co.uk/enhanced-annuity and check if you qualify.

THREE WAYS WE CAN HELP

Contact our retirement experts on 0117 980 9940 or visit us at www.hl.co.uk and . . .

1. View your retirement options
2. Compare annuity rates and options with our FREE online annuity calculator
3. Find out more about income drawdown and request your illustration

AT A GLANCE ...

GENERAL ANNUITY RATES - NOTE, POSTCODE IS AN IMPORTANT FACTOR SO BE SURE TO OBTAIN A QUOTE USING YOURS

Age	Basic annuity guaranteed for 5 years	With inflation proofing	With 50% spouse's pension
60	£5,083	£2,743	£4,750
65	£5,766	£3,323	£5,257
70	£6,622	£4,154	£5,983

Male and female rates equal. Annuity gross income per annum for £100,000 purchase price, paid monthly in advance and an average rated postcode, for non-smoking healthy individual. Spouse assumed 3 years younger. HL Annuity Calculator 5 June 2013.

JUNE INCOME LIMITS FOR INCOME DRAWDOWN

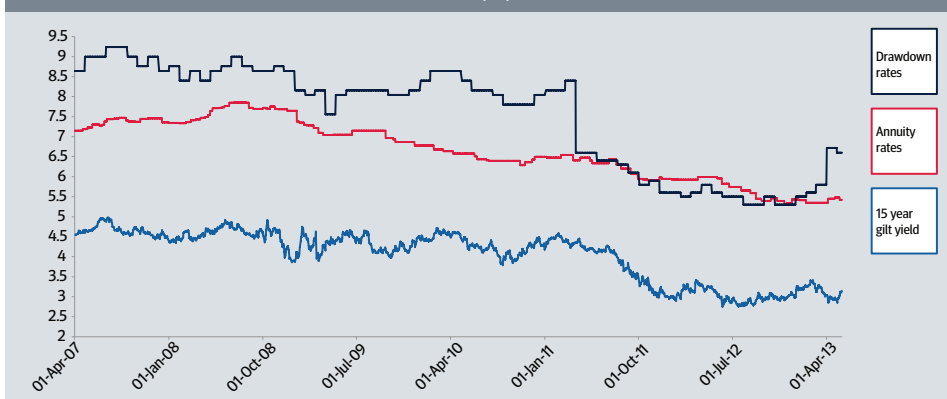
Age	Maximum capped drawdown	Minimum	Flexible drawdown
60	£5,760	Nil	Unlimited
65	£6,600	Nil	Unlimited
70	£7,680	Nil	Unlimited

Male and female rates equal and based on £100,000 fund. To qualify for flexible drawdown you must meet certain criteria which include already being in receipt of a secure pension income of £20,000 p.a. minimum.

ANNUITY RATE MOVEMENTS - THE FOLLOWING PROVIDERS HAD RATE CHANGES IN THE LAST EIGHT WEEKS

Provider	Date of change	Change
Standard Life	11/04/2013	↓
	29/05/2013	↓
Legal & General	23/04/2013	MIXED
	22/05/2013	↑ enhanced rates
	29/05/2013	MIXED
AVIVA	24/04/2013	MIXED
	04/06/2013	MIXED
mgmadvantage	29/04/2013	MIXED
	18/05/2013	↓
Canada Life	19/04/2013	MIXED
	09/05/2013	↓ some standard rates
just retirement	03/05/2013	↓ some standard rates
	11/04/2013	↓
PRUDENTIAL	08/05/2013	↑
	11/05/2013	↑
	24/05/2013	↑
LVE	10/04/2013	↓
	15/05/2013	↓
LVE	17/05/2013	↑
	24/05/2013	↑
	01/06/2013	↑

HARGREAVES LANSDOWN RETIREMENT INDEX (%)



The graph shows the best annuity rate for a 65 year old, compared with 15 year gilt yields and the maximum income from income drawdown. The annuity rate is the best rate on our panel for £100,000 purchase price, single life, paid monthly in advance, for a non-smoking healthy individual, based on male rates up to December 2012 and unisex thereafter. This is a general guide to the rates available for just one type of annuity and should not be used as a guide to future rates. Source for annuity and drawdown: Hargreaves Lansdown. Source for gilt yields: Markit iBoxx Benchmark Indices 15 yrs +