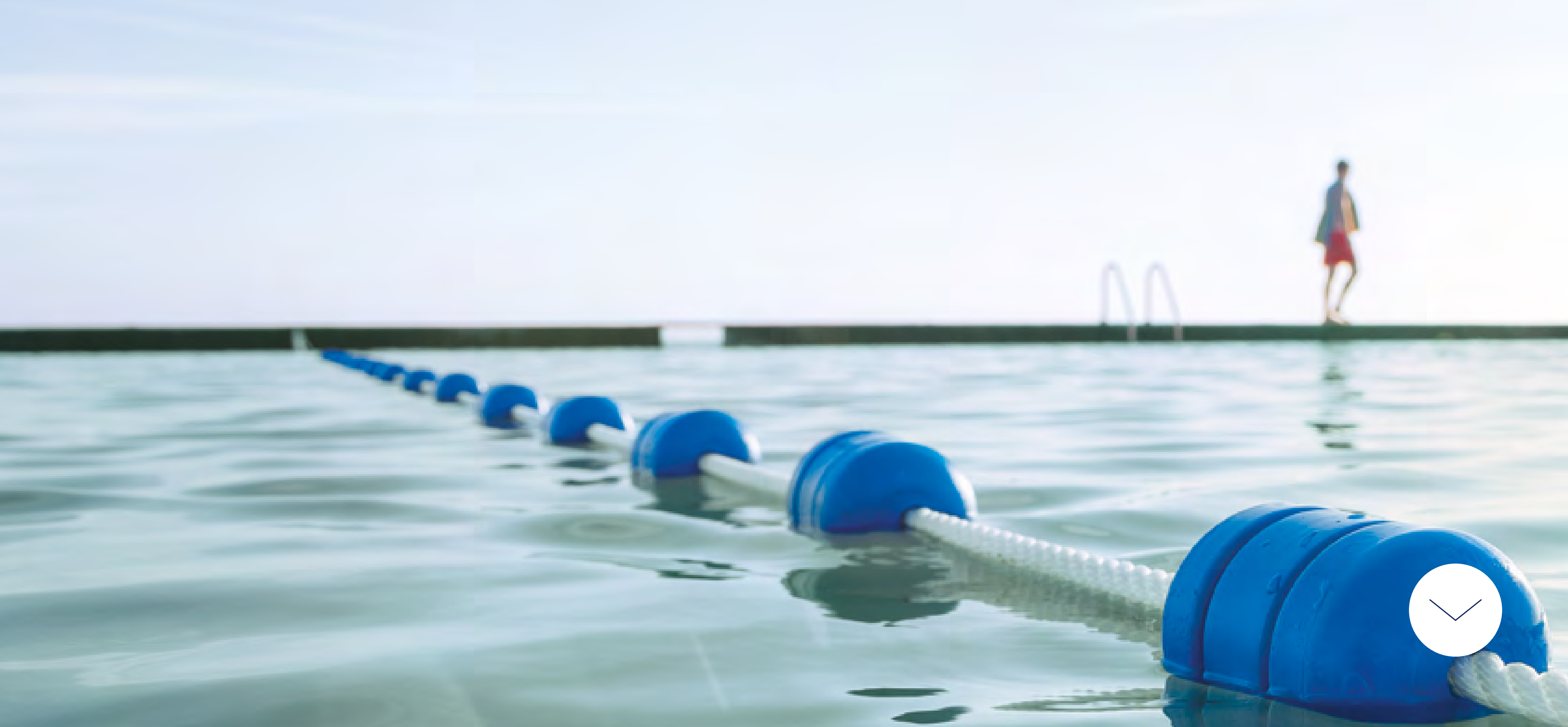
Retire your way

We'll help guide you to the future you'll love, every step of the way



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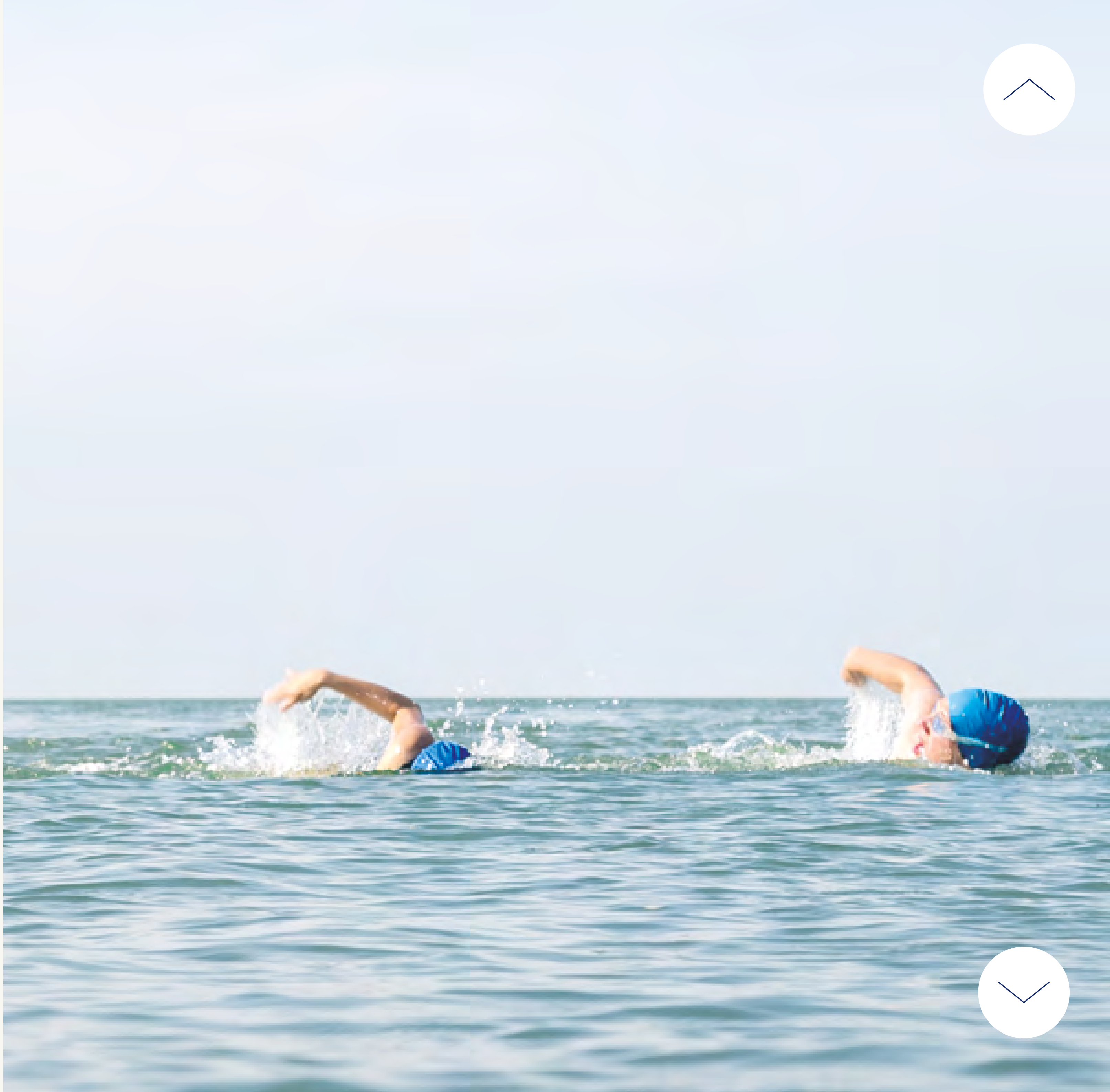

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Your choices at a glance

Taking your retirement savings early could incur a penalty.

If you are a member of an occupational scheme, or have a tax free entitlement of more than 25%, some options may not be available to you, please contact us for more details.

You now have more choices at retirement, which means greater flexibility. So it's good news because you can mix and match the options, to suit your own circumstances.

In this guide, we give you information about each of the options.

Each option allows you to take a cash lump sum, normally 25% of which will be tax free.

Remember, any retirement savings taken as cash lump sum will reduce the amount available to purchase an annuity or flexi-access drawdown.

Secure lifelong income – Annuity

You can use some or all of your retirement savings to buy an annuity, which provides you with a secure income for the rest of your life. This will then be taxed as income.

> Find out more

Flexible income – Flexi-access drawdown

If you want more flexible ways of taking an income, through flexi-access drawdown, you can transfer your retirement savings to another plan. You can then decide if and when to draw income or one-off withdrawals. These are taxed as income. You don't have to and you could just leave it invested – it's up to you.

> Find out more

Cash lump sum

You can take some or all of your retirement savings as a lump sum. 25% of this lump sum will normally be tax free, with the remaining 75% taxed as income.

> Find out more

Secure lifelong income – Annuity

Provides a regular taxable income

If you buy an annuity, it will provide a regular taxable income for the rest of your life and you'll know how much income you'll receive.

Option to inflation proof

You can choose whether your income stays the same or increases each year to help prevent it being eroded by inflation.

Leaving an income for loved-ones

You can choose to leave an income to be paid to your partner for the rest of their life when you die.
You can also opt for a guaranteed period so your income will be paid for a fixed amount of time, even if you die.

The important bits

Shop around. Research by the Financial Conduct Authority indicates that by shopping around it's possible to receive a higher amount of income. You can find more information about this in the 'It's your pension, it's time to choose,' Money Advice Service Booklet.

Consider your health and lifestyle. If you have certain health or lifestyle conditions that could affect how long you're likely to live, they may help you to get a higher income from your annuity. For example, smoking or if you've worked in a hazardous occupation. You could also get more income depending on where you live.

Tailor it to your needs. You can take different options when choosing your annuity, but this will reduce the amount of income you will receive. Make sure it is right for your needs.

Zurich's option

To help you shop around and achieve the best value when purchasing an annuity you have access to an independent annuity broking service. They have access to all the annuity providers on the open market.
You can find more information about annuities, or general information about other retirement options on our website zurich.co.uk/retirement

Risks

Income could be eroded by inflation. If you choose not to increase your income each year, inflation could reduce the spending power of your income. For example, if inflation is 2.5% then in 20 years' time £10,000 will only buy the same as £6,100 today.

You can't change your mind. An annuity cannot be altered, so it is important you make the right decision.

You may get back less than it costs. When you die your income will stop, meaning you might get back less than what you have saved. Even if you select a guaranteed period or choose to leave an income for your loved ones, the income paid may be less than it costs.

Timing. The amount of income you receive will depend on annuity rates (which are influenced by interest rates). For this reason, you could get less – depending on the rate available at the time you buy your annuity.

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Flexible income – Flexi-access drawdown

Manage your income

After taking your tax free cash you can transfer to another plan to keep your retirement savings invested and take a taxable regular income directly from that plan.

One-off payments

You can take regular or one off payments. These will be treated as taxable income.

Leaving money for loved ones

The value of your plan can be paid to someone else when you die. This is normally tax-free if you are under age 75.

The important bits

Suitability. There are usually increased investment risks associated with taking flexi-access drawdown so it is generally not suitable where the value of an individual's retirement savings is less than £50,000, unless you have another source of income.

Ongoing payments. If you take flexi-access drawdown your annual allowance for tax relief to your other retirement savings will be reduced.

Zurich's option

If you'd like to take your tax free cash lump sum with no income, or with a flexible income, you can transfer to another plan with Zurich or another provider, for flexi-access drawdown.

This means you can keep your retirement savings invested in the new plan.

It is important you understand all the options and risks before deciding to take flexi-access drawdown. You can find more information about flexi-access drawdown, or general information about other retirement options on our zurich.co.uk/retirement

Risks

You may run out of money. You can take a regular income but you don't get the same security as a secure lifelong income (Annuity). If your retirement savings run out before you die, your income will stop.

Value of your investments. You will need to regularly review your investments. If they fall in value this could affect how much income you can afford to take and how long you can take it for.

Click on the interactive menu

Choices at a glance

Secure lifelong income – Annuity

Flexible income – Flexi-access drawdown

Cash lump sum

What next?

Click on the interactive menu

Choices at a glance

Secure lifelong income – Annuity

Flexible income – Flexi-access drawdown

Cash lump sum

What next?

Cash lump sum – features

25%

Tax-free

You can take some or all of your retirement savings as a lump sum – 25% is tax free.

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Tax planning

You can withdraw one lump sum each tax year to help with your tax planning.

The important bits

Taking cash. When you take money out as a cash lump sum, usually 25% of the amount you take will be tax free and the remaining 75% will be taxed as income.

Ongoing payments. If you take cash withdrawals this way, your annual allowance for tax relief to your other retirement savings will be reduced.

Zurich's option

You can take your whole fund, or one lump sum per tax year from your retirement savings. Of this, 25% of the amount you take will be tax-free with the rest taxed as income. There is currently no charge for this.

If you take a partial cash sum, you can continue to make payments to your plan.

You can find more information about taking a cash lump sum, tax implications, or general information about other retirement options on our website zurich.co.uk/retirement

Risks

Less income.
The more you take as a lump sum, the less retirement savings you'll have left to provide a secure lifelong or flexible income.

Impact on benefits.
Any means-tested state benefits you're claiming that are assessed against either income or savings could be impacted by taking cash.

Taxed as income.
You can take 25% as a tax-free lump sum. But the remaining 75% will be taxed as income. This could put you into a higher tax bracket.

Life cover.
If you have life cover as part of your plan, you may not want to take all of your savings as a cash lump sum. You will need to keep some of the fund invested to continue life cover.

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What next?

More information from Zurich

You've saved a long time for your retirement. Zurich can give you information to help you make a decision about which retirement option to choose but cannot give advice.

Visit our retirement area:
zurich.co.uk/retirement

Free help and information

The government believes everyone should have free guidance to help them make sense of their retirement options. This service will be provided by:

Pension Wise:
> pensionwise.gov.uk

You can also find more information about retirement savings at:
> gov.uk

Where to get advice

If you aren't sure what the right options are for you, you should talk to your financial adviser. You will have to pay for any advice you receive.

If you don't have a financial adviser, you can find one at:
> unbiased.co.uk
or
> vouchedfor.co.uk

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