Your retirement **starts here**

Your guide to taking your **defined contribution** pension

isio.



Helping you understand your options

Choosing how and when to take your pension pot is an important decision. This guide provides useful information to help you understand your options and make the choice that's right for you, including:

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The information in this guide applies to members with **defined contribution (DC)** pension savings. This guide is a general overview only. As the rules of the schemes we look after can vary, please contact us if you would like information specific to your own pension or scheme.



Isio, Manchester

When you can use your pension pot

To take money out of your defined contribution (DC) pension pot, under pension law, you must be 55 or over. This will rise to age 57 in April 2028, unless you have a protected pension age (PPA) or are retiring due to ill health. If either of these apply, you may be able to take your pension earlier.

Taking your pension pot at normal retirement age

You can take money out of your pension pot from your normal retirement age (NRA), which is typically between 60 and 67 for most members. Your NRA will depend on your scheme rules. The date that you reach your NRA is called a **normal retirement date (NRD)**.

You can find your NRA:

- in your online account if you have access to one
- in your statutory money purchase illustration (SMPI) – your annual projection showing what your pension pot could be worth at retirement, or
- by contacting your pension scheme administrator, Isio



Taking it early

You may be able to take money out of your pension pot before you reach NRD if the rules of your scheme allow. This is known as early retirement.

The earliest you can usually take money out of your pension pot is from normal minimum pension age (NMPA). **This is currently age 55** and will rise to age 57 in April 2028.

If you have a protected pension age (PPA) or are retiring due to ill health, you may be able to take your pension earlier.



Taking it late

Late retirement is where you take money out of your pension pot after your NRD. You may be able to delay taking money out if the rules of your scheme allow it.

Your scheme rules may also set a maximum age by which benefits must be taken, often age 75, although some schemes do not have an upper age limit. If you delay taking your benefits beyond age 75, there may be significant tax implications. You should consider this carefully before deciding when to take your pension.

If you die while you're still paying into your pension, the Trustee may decide to pay its value to your loved ones.

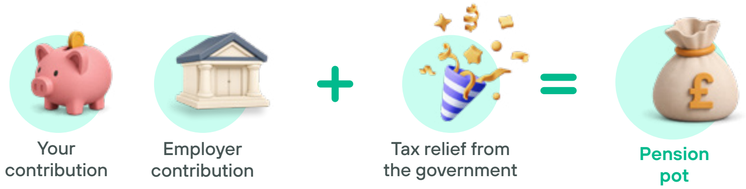


How investments affect your pension pot

Your DC pension helps you build up a pot of money for retirement. The money in your pension pot is invested to help it grow.

Here's how it works:

You and your employer pay into your pension pot



Your money is invested in a choice of funds



Your pension pot aims to grow over time



How much your pension pot will be worth

The value of your pension pot will largely be based on:

- how much is paid in
- how long you've saved for
- how your investments perform
- any fees and charges that apply

Ian Wort | Croydon team



How your pension pot is invested

If your scheme offers investment options, you may be able to decide how your pension savings are invested by selecting funds or investment strategies through your secure online account. To log in, go to **yourisio.com** and select My account at the top of the page.

The Trustee is responsible for ensuring the scheme's assets are invested appropriately and for monitoring the investment options available to members.

If you don't have access to an online account, get in touch. We can explain how you can make changes to your investment choices.



Investing in a lifestyle strategy

Log in to **yourisio.com** and select My account at the top of the page.



If you choose to invest in a lifestyle strategy, the scheme automatically invests your pension savings in a mix of funds. As you get closer to your target retirement age (TRA), it gradually moves your money from growth-focused investments to more stable ones. This process helps protect your savings from market changes as you approach retirement. It starts a few years before your TRA (or your normal retirement age if you haven't set a TRA). Each scheme sets its own timeline for lifestyle strategies.

Think carefully about when you plan to access your pension. Setting a TRA that reflects your plans helps make sure your investments change at the right time and better protect their value. Once set, it's a good idea to review your TRA regularly to make sure it still suits your plans. If you have access to a secure online account, you may be able to set or update your TRA at any time.



It's a good idea to choose a target retirement age (TRA) if your scheme offers one. Your TRA is the age at which you plan to take money out of your pension pot. (You can only set a TRA if you invest in a lifestyle strategy; you don't need to set one if you invest only in self-select funds.)

Jess Jose | Reading team

How you can use your pension pot

When you get near to retirement age, you'll have some choices to make.

You may be able to take up to **25%** of your pension pot as a tax-free cash lump sum, subject to the rules of your scheme and your available lump sum allowance (LSA). For most people, the standard maximum tax-free lump sum across all pensions is **£268,275**.

You can then choose one or a combination of the options opposite for the remaining money in your pension pot.

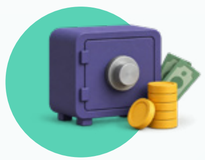


There are a few different ways you can take your DC pension pot, so you can choose the option that's right for your individual circumstances. It's important that you understand what each of these options would mean for you before making any decisions.

The choice you make will determine how your pension benefits are paid to you when you take them. If the rules of your scheme allow, you can:



Take it all as a cash lump sum



Take a flexible income



Take a guaranteed income for life



Take a combination of options

Not all options may be available through your current scheme. If the option you want isn't available, you may need to transfer your benefits to another provider to access it.



Cash only

Take it all as a cash lump sum

You can take all the money in your pension pot as a cash lump sum (this is known as total encashment). You can take up to 25% (but no more than £268,275) tax-free, unless you have a higher protected amount. Any amount above this, or over your available lump sum allowance, is taxable at your marginal rate.

If you choose this option, you must take all of your pension benefits at the same time.

This option is available through your scheme.



Flexible income

Take money out as and when you need it

You can leave the money in your pension pot invested and take some out when you need it (this is known as drawdown). You can change how much, and how often, you withdraw as you go.

How much you get depends on:

- how much is in your pension pot
- how well the funds perform for your money that remains invested

If you go for this option, you will need to transfer your pension pot to another provider because your scheme doesn't offer drawdown.



Regular income

Buy a guaranteed income for life

You can use your pension pot to buy a regular income for life or a fixed term (this is known as an annuity).

The income you can get with an annuity depends on:

- your age
- how much money is in your pension pot
- the type of annuity you choose
- the cost of buying an annuity, known as the annuity rate

If you choose this option, you will need to transfer your pension pot to another provider because your scheme doesn't offer annuities.

Combine your options: Depending on the rules of the arrangements you decide to take your pension pot with, you may be able to mix and match the different options.

Shopping around for the right deal

You may want to shop around and compare providers to get the best deal.

Keep in mind the following when choosing a provider:

- the investment choices available to you if you decide to move to a drawdown arrangement
- any charges that may apply
- any guarantee periods that come with an annuity



Transfer your pot, with risks

Transferring your pension pot to another pension provider may allow you to access it at a different time or in a way that isn't offered by your scheme (like getting a flexible or regular income). But transferring carries risks, and you should think carefully before you act.

Pension transfers are a common route used by scammers to access people's savings. Pension savers who are scammed are usually left with nothing, and many lose their life savings in fraudulent pension transfers. See page 19 for tips on how to protect your pension from scams.



Planning your retirement income



Deciding when and how to take your pension pot is an important financial decision. It can feel overwhelming, but help is at hand. We've broken the things you need to think about into simple steps to make it easier and more manageable.

1 Understand what you'll need

Start by thinking about your future spending. Think about the lifestyle you want and how much it will cost.

- Include essentials like housing, food, and bills.
- Add optional costs like travel, hobbies, and leisure.

To work out how much your retirement is likely to cost, you can use our retirement budgeting tool. Go to **yourisio.com/prepare/retirement-lifestyle**.

It shows how much you may need each year to fund a '**minimum**', '**moderate**' or '**comfortable**' lifestyle.

2 Know where your money will come from

Add up all your expected income to understand your financial position in retirement. Your income may include:

Your pension pot – check your statutory money purchase illustration (SMPI) for an annual projection of what your pension pot could be worth at retirement. You can also ask for an estimate of your pension benefits to see how much you're likely to get.

Other pensions – contact providers for details or use the government's pension tracing service if needed. It's a free service aimed at helping pension savers trace old or lost pensions. Visit **gov.uk/find-pension-contact-details**.

Your State Pension – request an estimate through the government's website at **gov.uk/check-state-pension**.

Savings and investments – gather statements from your bank or other providers.

3 Compare income with your needs

Match your estimated income against your expected costs.

Compare your income target from the retirement budgeting tool with the amount you expect to have coming in from all your income sources from point 2.

Factor in any changes

Your income may change over time due to life expectancy, inflation and changes in tax or pension laws.

4 Close any gaps

If your expected income doesn't cover your costs, you can take steps now:

Pay more into your pension – think about topping up your pension with additional voluntary contributions if your scheme offers this.

Delay taking your pension – work longer to build up more pension.

Pay off any debt – reduce debt if you can before retirement to lower your future expenses.



5 Get expert advice

Before making any financial decisions, you might want to get financial advice. Professional advice can help you choose the best path for your situation. Find out more about where to get advice from on page 8.

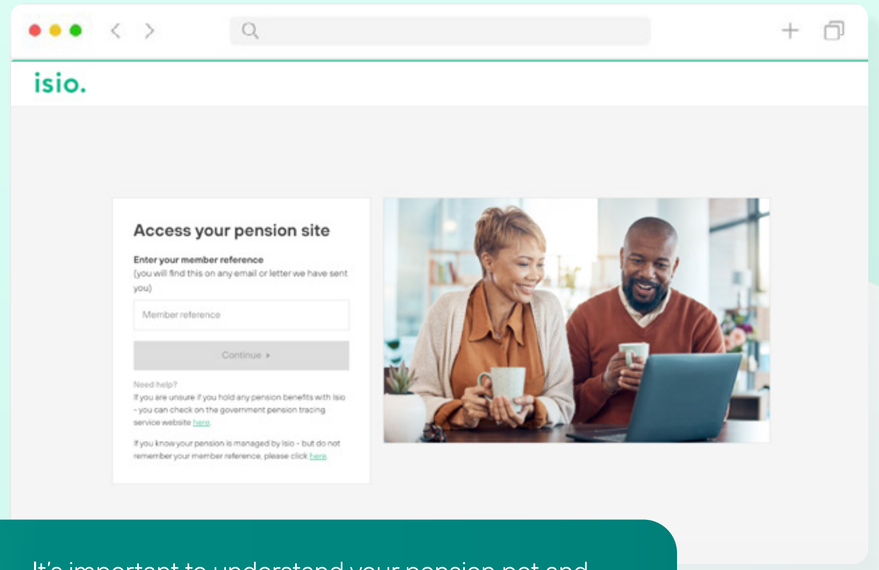
Use your online account for retirement planning

If you have access to an online account but haven't registered for one yet, we strongly encourage you to.

With an online account you can:

- check how much you have in your pension pot
- switch the funds you are invested in
- ask for a statement
- get more information on investment performance
- use the planning tools available

A little planning now can make a big difference later. DC pensions give you flexibility, but that also means more responsibility.





It's important to understand your pension pot and the options for taking it, so you can choose what's right for you. If you're finding it hard to decide what to do with your pension pot, you may want to get some guidance (see page 17).

Noor Khan | Manchester team

Step by step: the retirement process

1

Getting in touch



We'll contact you four to six months before you reach your normal retirement age (NRA). We'll either send you:

- a letter to remind you when your NRA is and what you need to do next, or
- a full retirement pack with a retirement quote

If you don't want to take money out of your pension pot at this time, please let us know so we can make a note on your pension record. When you're ready to take money out, you'll need to contact us directly (see next step).

2

Requesting and receiving your retirement quote



If we don't automatically send you a retirement quote – or you want one at a different time – you can request one online at **yourisio.com/i-want-to/request-retirement-quote**. You can also call us or email us using the details on page 16.

We aim to send a quote to you within 10 working days. The quote will show your options for taking money out of your pension pot within the scheme, including any lump sum and how much you're likely to get. If you have paid additional voluntary contributions (AVCs), we will automatically include these in your quote.

You'll also receive a retirement pack with forms and guidance to help you decide your next steps.

3

Making your decision

If you want to take your pension pot as cash, you can do this within the scheme. If you want to take your money in a different way (like getting a flexible or regular income, or a combination of options), you'll need to transfer your pension pot to another provider.

Once you've received your quote, you might want to take some time to talk through your options with your family and get some financial advice (see page 18).

When you've made the decision to go ahead and take money out of your pension pot or transfer it, you'll need to:

- complete the retirement form included in your pack, and
- return it to us with any required documentation





If you're aged 50 or over and want to take money out or transfer your pension pot, we may be required to offer you a Pension Wise appointment before we can process your application. You can also choose to opt out of receiving this guidance but you'll need to tell us. This step helps protect you from scams and makes sure you understand your options.

Alex Beck | Birmingham team

4

Processing your retirement

When we've received your paperwork, we aim to review and validate all documents within 10 working days of receiving them.

If you're taking money out of your pension pot – we'll then process your retirement and confirm everything in writing, including:

- when you'll receive your cash lump sum
- how much you'll receive

If you've chosen to transfer your pension pot – we'll send further paperwork to you and your chosen provider. You'll need to complete and return this. When we've received everything we need from all parties, we'll process your transfer application.

We aim to complete your retirement or transfer just before, or around, your chosen retirement date, depending on the option you've selected.

To make sure we pay everything on time, you (and your chosen provider for any transfer) need to return your forms promptly. Payment times may vary depending on the option you choose.

5

Receiving your payments

If the scheme needs to pay you a lump sum, you may not get it on your retirement date. We'll pay it once we receive your final contribution.

If you've chosen to transfer your pension pot, we'll pay your funds to your selected provider on or shortly after your retirement date, once we've received your final contribution.



Where to get help and advice

There's lots of guidance and support for members throughout your member website. Here you'll find videos and general information about your pension.

For specific information, please register or log in to your online account if you have access. If you can't find what you need, contact us.

Get in touch

Call: 0800 122 3200

Please have your membership reference to hand when you call. You can find this in your online account and on any correspondence from Isio about your pension.

Email: adminhelp@isio.com
We aim to reply within 10 working days.

Send us a message: Visit yourisio.com/forms/member-enquiry, complete the form and select Submit. Once we've resolved your query, we'll get back to you.





Getting guidance

If your question isn't answered on our website, here's where you can go:

Pension Wise by MoneyHelper

If you're aged 50 or older, you can book a 45–60-minute appointment with a trained pension specialist who will walk you through:

- the different ways you can access your pension pot
- how each option works
- the tax implications
- how to protect your pension pot from scams

Appointments are available by phone or video, and you can bring a family member along if you want a second pair of ears.

People under age 50 may also be able to use the service if they have inherited someone else's pension pot or are retiring early due to ill health.

Visit moneyhelper.org.uk/pension-wise

MoneyHelper

MoneyHelper offers free support on a wide range of financial matters. This includes a variety of pension topics.

Visit moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions

Check out the '**How to take your pension**' step-by-step guide from MoneyHelper. It's a useful government-backed resource for anyone approaching retirement and deciding how to access their DC pension savings.

Go to moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/how-to-take-your-pension

GOV.UK

If you're unclear about any pensions, tax, or National Insurance issues, you can search the government's website for clear, jargon-free explanations.

Getting advice

Financial advisers offer professional advice on financial decisions, and you will have to pay for their services.

If you're looking for financial advice, be wary of scams and fraudsters.

Financial advisers must be regulated by the Financial Conduct Authority (FCA). You must always check to make sure whoever is offering you advice is regulated by the FCA by checking their own website, as well as the FCA website.

Isio advice service

Isio has its own service through which it can give members access to financial advice. Our service is regulated by the FCA and covers all areas of pension and financial planning needs.

Visit isio.com/what-we-do/wealth/wealth-management

Unbiased

You can also visit unbiased.co.uk to find Independent Financial Advisers (IFAs) in your area.



How to protect your pension pot from scams

Scams can take many forms and are becoming increasingly difficult to spot.

As a rule, you should get impartial guidance and, where appropriate, take advice from an FCA-regulated financial adviser before taking any action with your pension.

If you're looking for financial advice, be especially cautious of scams and fraudsters. They often present themselves as legitimate advisers but may be trying to steal your pension savings.

Watch out for:

- ✗ people contacting you out of the blue wanting to talk about your pension
- ✗ unexpected calls from someone trying to start a discussion about a transfer
- ✗ adverts offering 'free pension reviews'
- ✗ promises of better returns on your savings
- ✗ promises of upfront cash
- ✗ offers of early access to your pension, before NMPA
- ✗ incentives, such as cashback or gifts



The FCA offers lots of useful information about the risks associated with pension scams and how to protect yourself from falling victim. Visit **fca.org.uk/consumers/pension-scams**.

If you suspect a scam or come across anything concerning, you should report it as soon as possible. You can report fraud at any time via the UK's national reporting centre for fraud and cybercrime. Visit **reportfraud.police.uk**.

Chris Faulkner | Croydon team



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