

ROSSBOROUGH PENSION SOLUTIONS (ZILL)

Retirement Options Factsheet - Guernsey

You have significant flexibility in terms of when and how you choose to access your pension benefits in retirement.

It is important that you are aware of the options available and consider the benefits and risks associated with each before deciding how to draw your pension.

Rosborough Financial will advise and assist you in deciding which is most appropriate based on your personal circumstances.

Tax-Free Lump Sum

At retirement you can take up to 30% of your pension fund as a tax-free lump sum subject to the maximum limit permitted by the Director of Income Tax, the remainder of your fund can then be used to provide you with an income in retirement.

If you elect to take a tax free lump sum an administration fee may apply, please refer to Rosborough Financial for further information.

Annuity Purchase

See diagram below

You can use your pension fund to purchase an annuity from an authorised insurance company conducting annuity business in Guernsey.

The amount of pension income payable will depend on the actual amount available to purchase an annuity and annuity rates at the time you retire.

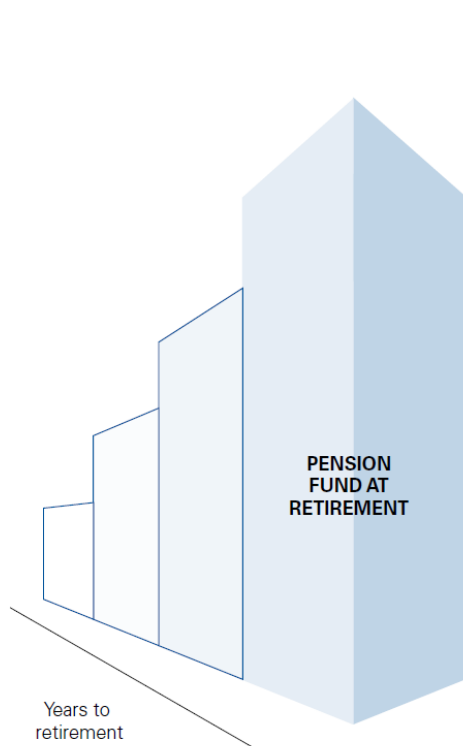
An annuity provides a guaranteed income for life and can be structured according to your requirements although the more options you include the lower your initial level of income.

- Indexation - you can choose either a level income or an income which increases each year.
- Spouse's Pension - the annuity could continue to pay an income to your spouse on your death.
- Guaranteed Period - to offer some protection against the loss of your annuity benefits if you die shortly after retirement you can include a minimum period over which your annuity will continue to be paid, typically five years.

The option to purchase an annuity is available to age 75 and will be dependent upon the availability of an authorised insurance company conducting annuity business in Guernsey when you retire.

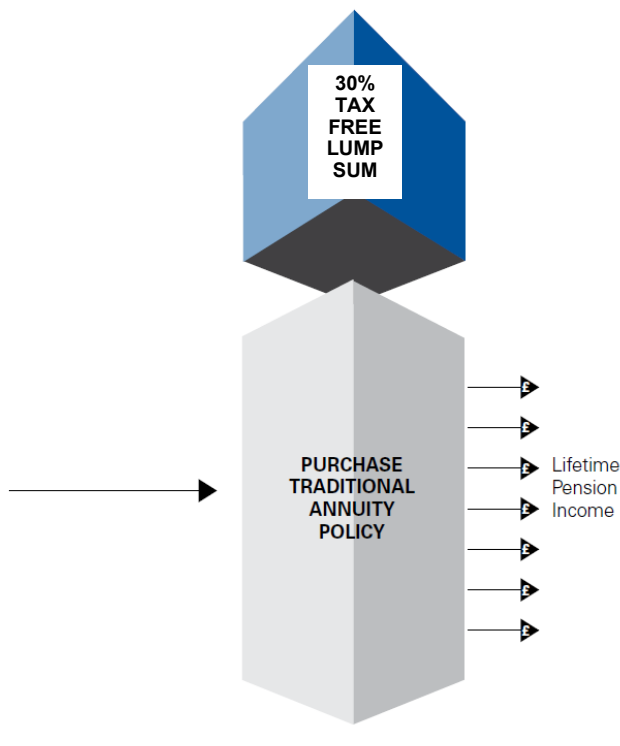
Accumulating your pension fund.

through contributions and investment growth



Tax-free lump sum and purchase of an annuity:

to secure a guaranteed income in retirement.



Income Withdrawals

See diagram below.

As an alternative to purchasing an annuity you can retain ownership and control of your pension fund by transferring the full value of your pension fund to a Retirement Annuity Trust (RAT) where you will then have the option to:

- Take up to 30% of your pension fund as a tax-free lump sum, subject to the maximum limit permitted by the Director of Income Tax
- Draw an income directly from your pension fund.

You can choose the amount of your Income within reasonable limits prescribed by the Director of Income Tax. as determined by reference to the UK Government Actuary’s Department published tables.

Your income would typically be paid yearly.

The balance of your pension fund will remain invested in your RAT where it may continue to benefit from future growth after you have retired.

If you elect to draw income please allow 60 days before the first instalment to be paid.

On death after your retirement, i.e. you have taken a tax free lump sum and/or income, the balance of your pension fund can pass to either your dependants, net of Guernsey income tax at standard rate, or your surviving spouse also has the option to retain your Plan and continue to draw an income from the pension fund.

The Need for Advice

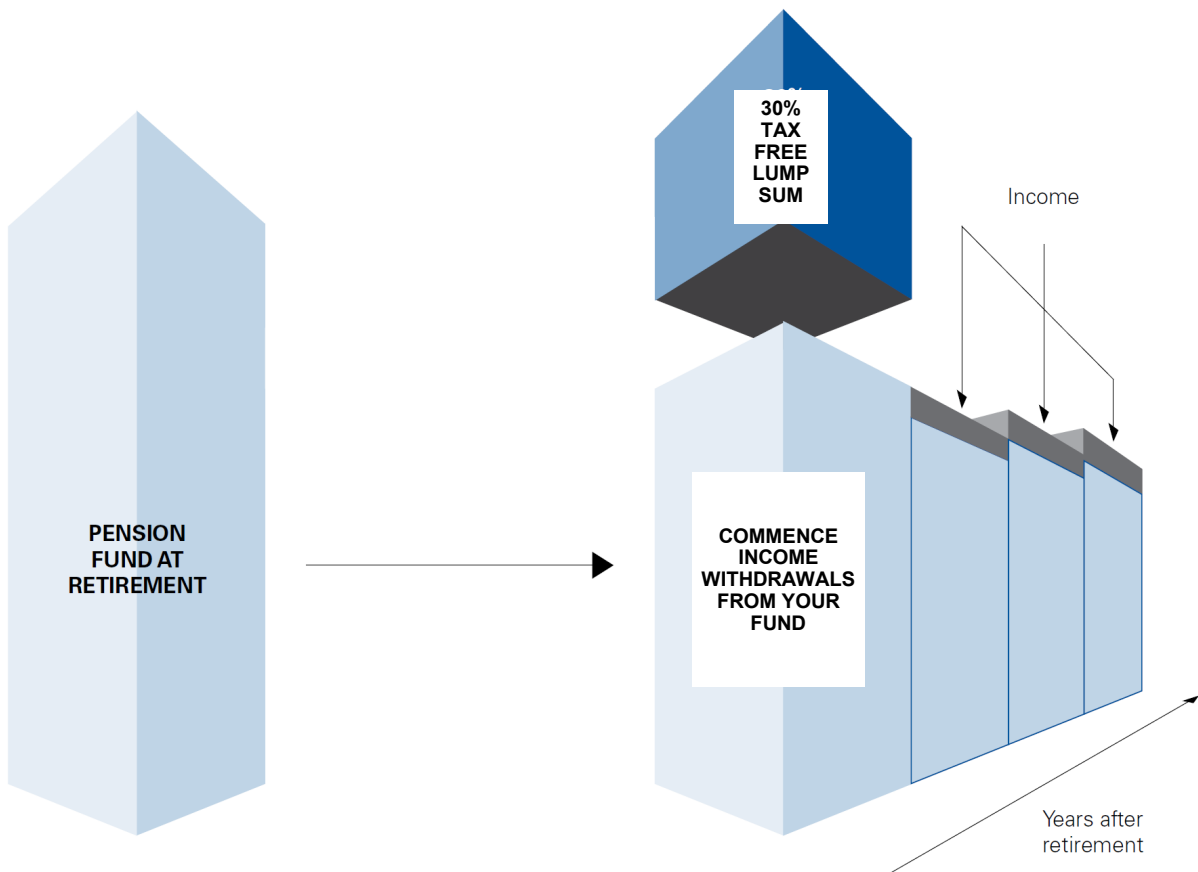
Although commencing income withdrawals offer considerable flexibility and control of your pension benefits in retirement, it is a complex financial arrangement which may carry a higher degree of risk and ongoing costs. It is therefore important that you seek specialist retirement planning advice before making a final decision.

Pension Benefits Income Tax Position

With the exception of the payment of any tax-free lump sum all other pension benefits, either in the form of an annuity or receiving income withdrawals will be subject to Guernsey income tax at the standard rate.

Income Withdrawals.

Take tax-free lump sum and income directly from the fund.



If the value of your pension fund is relatively small you may be permitted to have your pension fund paid directly to you as a lump sum.

Triviality

If the value of your pension fund is relatively small you may be permitted to have your pension fund paid directly to you as a lump sum on retirement or leaving service subject to the agreement of the Trustee.

If you are below age 50 and your fund contains only benefits accrued since July 2024, you cannot exercise this option.

However, if your fund contains benefits accrued before July 2024 you may be able to access your pre-July 2024 benefits.

Your benefits in The Plan may be considered to be trivial if the total value of your pension fund does not exceed £15,000;

Or

If you are aged 50 or over, have accessed your tax free lump sum and the value of your pension fund is no greater than:

- £50,000 or
- £100,000 if you have guaranteed minimum retirement income of £20,000 per annum.

Any lump sum payments made under the triviality option will be subject to Guernsey income tax at:

For funds below £15,000 where no tax free lump sum has been taken:

- the full standard rate if payment is made prior to attaining age 50.
- half the standard rate if payment is made at age 50 or after.

For a triviality claim, where you are aged 50 or over and accessing your 30% tax free lump sum then:

- the balance of the fund is taxed at standard rate

If you elect to take your benefits on the grounds of triviality a termination fee may apply.

The payment of funds under triviality is deemed income. As a result, this additional income could affect your personal allowance/benefits. If in doubt you should seek guidance from Guernsey Revenue Service, if applicable or receive personal taxation advice.

Non-resident conditions

The member must have been not resident (within the meaning of section 3 of the Income Tax Law*)

- a. for a consecutive period of 2 calendar years and
- a. is still not resident at the time of making the request and
- b. the request for payment is made in the year immediately after a 2-year period of non-residence.

If this is the case then the non-resident may:

1. transfer the funds to a non-approved plan (provided such transfer still meets the requirements of the Income Tax Law)
2. commute their benefits if their fund is relatively small in line with the Triviality options above.

* Section 3 of the Income Tax Law sets out that an individual shall be treated as being "resident" in Guernsey in any particular year of charge, if:

- a. The individual spends 91 days or more in Guernsey in that year of charge, or
- b. The individual spends 35 days or more in Guernsey in that year of charge and during the four preceding years of charge, they have spent 365 days or more in Guernsey.

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