Transferring your Uncrystallised IBM M Plan (DB Linked/Pure DB, DB AVCs/ASCs) into the Legal & General Mastertrust
Frequently Asked Questions

These frequently asked questions are for members with IBM M Plan linked with DB benefits (administered by XPS) / DB AVCs (held with Legal and General or AVIVA) exploring the option to transfer uncrystallised funds into Legal & General Mastertrust Pension Access Scheme.

If you've already transferred to the Legal & General Mastertrust, further information can be found the on Legal & General Mastertrust website.

Terms Explained

Throughout this document, we use several abbreviations or terminology.

- **L&G** - Legal & General.
- **MTPAS** - the Legal & General Mastertrust Pension Access Scheme.
- **AVC** – Additional Voluntary Contribution(s).
- **ASC –** Additional Smart Contribution(s).
- **Crystallised** refers to a pension that has been accessed or cashed in.
- **Uncrystallised** refers to a pension that has not yet been accessed or cashed in.
- **Illustration** means your personalised MTPAS quote.
- **LSA –** Lump Sum Allowance
- **LTA –** Lifetime Allowance

The Legal & General Mastertrust

Q. What is the L&G Mastertrust?

The L&G Mastertrust Pension Access Scheme is a defined contribution occupational pension plan, tailored to allow you flexible access to your pension pot.

Further details on the scheme can be found in the IBM member booklet (PAS) (landg.com)

Q. What is Flexi-Access Drawdown?

Flexi-Access Drawdown is a retirement option that offers members flexibility in accessing their tax-free cash or taxable money, while keeping any remaining funds invested.

The invested funds can continue to provide drawdown payments until the pot is depleted, or members may choose to purchase an annuity with the remaining money.

Q. Who can access the L&G Mastertrust?

Deferred members of the IBM M Plan (Pure/Linked with DB benefits or with DB AVCs/ASCs held with AVIVA or Legal & General) who choose to access their savings now or in the future are being offered the option to transfer their IBM M Plan benefits to the Legal & General Mastertrust Pension Access Scheme (MTPAS) to use flexible access drawdown.

Members who hold AVIVA or Legal and General DB AVCs also have the option to defer taking their DB AVC amount at retirement.

Q. By offering this transfer option is the Trustee recommending the L&G Mastertrust?

No. The L&G Mastertrust is simply viewed as a retirement option.

Q. Why offer a transfer option to the L&G Mastertrust?

IBM Pensions Trust does not offer flexi-access drawdown, so you cannot take your pension savings as a series of lump sums from your IBM M Plan, DB benefits or DB AVCs. Therefore, to access benefits flexibly, you need to transfer to an arrangement that offers Flexi-access drawdown.

Q. When might the L&G Mastertrust not be suitable?

The L&G Mastertrust may not be suitable if you are not ready to retire. Flexi-Access drawdown is for members who wish to retire and would like the flexibility of retirement income.

Q. Is there a minimum transfer amount from the IBM Pension Plan into the L&G Mastertrust?

No funds are permitted to be left in the IBM Pension Plan when requesting a flexi-access drawdown. All funds are first transferred to L&G Mastertrust before any partial requests are fulfilled.

Note: To access the L&G Mastertrust pension access scheme, you must take a minimum of £1.00 tax-free cash to enter the drawdown account. To achieve this, L&G will need to crystalise £4.00 for every £1.00.

Q. When I have transferred into the L&G Mastertrust, can I change my mind?

Once a transfer has completed; you cannot transfer your funds back into the IBM Pension Plan.

Q. Can I transfer some of my Pension savings to the L&G Mastertrust and leave some behind?

Yes, this is permitted and is an “at retirement” option. However, you must have no uncrystallised benefits left in the Plan following the partial transfer out, except for all DB AVCs/ASCs deferral (if that option was exercised too as part of the retirement paperwork). Partial transfer of TIMPS is not permitted. For further information, please contact XPS.

Q. Where can I find out more about the funds available in the L&G Mastertrust?

Information on the funds available within the L&G Mastertrust can be found here: Legal & General - Your investment range

Q. If I am currently invested in a ‘soft closed fund’ can I remain invested in it?

No. XPS will need to request that L&G switch your policy to the IBM UK Money Fund when transferring your policy to the L&G Mastertrust. This is to stabilise the fund during the disinvestment process to reduce fluctuation of fund pricing.

As a result of switching the fund out of your current investment choice(s), you are then only able to re-invest in the funds available within the L&G Mastertrust fund selection once your transfer is complete. More information on the fund available can be found via the following link Legal & General - Your investment range.

Lump Sum Allowance, Money Purchase Annual Allowance and Tax

Taxation, Lump Sum Allowance and the money purchase annual allowance questions are complex particularly when you are near the maximum limits allowed (or over them). If this is the situation with you, then you are strongly advised to take independent financial advice before taking any action.

A ‘tax year rates and allowance guide’ is available on our website. The document provides more information about the Lump Sum Allowance, Money Purchase Annual Allowance and Tax. This can be found here: Legal & General - Document library (legalandgeneral.com) Additional information is also provided on the following website Tax on your private pension contributions: Lump sum allowance - GOV.UK (www.gov.uk)

Q. What are the current tax charges if I withdraw pension savings in the L&G Mastertrust over the Lump Sum Allowance (LSA)?

If the total tax-free lump sums payable from all your registered pension schemes exceeds your Lump Sum Allowance, income tax will be payable on the excess. The LSA is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.

Q. How does my tax-free cash work if I am over LSA?

If you are over your available individual LSA, there is no tax-free cash available. Any income or ad-hoc lump sums claimed will be charged at your marginal rate of income tax.

If you are over the LSA and do not wish to claim any taxable income/lump sums you can choose to designate some or all your uncrystallised pension pot to the L&G Mastertrust drawdown account. Any funds in the drawdown account will be classed as crystallised funds and will be taxable.

Should you wish to keep the funds uncrystallised and access the L&G Mastertrust pension access scheme, you must take a minimum of £1.00 tax-free cash to facilitate the transfer of funds from the IBM Plan into L&G Mastertrust. Upon transfer to L&G Mastertrust, £4.00 will then be crystallised into a drawdown pot, with £1.00 tax-free cash paid and £3.00 retained in drawdown.

If you have exceeded your LSA, the £1.00 of tax-free cash will then be additionally retained in the drawdown pot.

You will be asked to complete a Full Lump Sum Allowance declaration form.

Q. How does my tax-free cash work if I am over LTA prior to 6th April 2024?

If you hold complete and accurate records for all the tax-free benefits you have received prior to 6 April 2024, and can show that less than 25% of the benefits you took before that date were taken as tax-free lump sums, you may choose to apply for a transitional tax-free amount certificate from your pension scheme. Where eligible this will grant you a new Lump Sum Allowance and Lump Sum Death Benefit Allowance based on the tax-free amount taken previously.

Your transitional tax-free cash certificate can then be used to determine your Lump Sum Allowance and lump sum and death benefit allowance.

These transitional rules come into force for the 2024-25 tax year and subsequent tax years.

If you would like to read more about transitional tax-free amount certificates, you can do so via the HMRC website https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm174300

You cannot apply for a certificate if you have already had a relevant benefit crystallisation event occur on or after 6 April 2024. i.e. you have started to draw any pension benefits before or after this date. A certificate must be issued before your first relevant benefit crystallisation event.

Q. How does my tax-free cash work if I am close to reaching my Lump Sum Allowance?

You can claim your tax- free cash up to your standard Lump Sum Allowance. Please contact XPS to initiate this request.

You will be asked to complete a Full Lump Sum Allowance declaration form. Once XPS have received this form, they will be able to confirm the amount of tax-free cash available to take up to your Lump Sum Allowance.

For members who have no tax-free cash remaining, you can choose to enter the L&G Mastertrust via the Designate to Drawdown route. Please refer to 'Transferring your Crystallised IBM M Plan (DB Linked/Pure DB, DB AVCs/ASCs) into the Legal & General Mastertrust' Frequently Asked Questions or contact XPS for further information on this.

LTA Protection

If you have a Lifetime Protection certificate from HMRC, please send this to XPS when you request your Retirement Options pack.

Requesting an Illustration and the options available

Requesting your Retirement Options Pack and Flexi-Access Drawdown Illustration

Step 1 – You will need to request a Retirement Options pack from XPS. You can request this online via MyPension, by email or telephone. Please note, L&G cannot provide a Mastertrust PAS Illustration until the retirement options pack has been requested from XPS.

A Flexi-Access Drawdown Illustration request form will be included within your Retirement Options pack.

https://aurora.mypension.com/ibm
Help Line: 0118 214 3056
Email: XPSadmin.IBM@xpsgroup.com
XPS Administration | PO Box 562 | Middlesbrough | TS1 9JA

Step 2 – Once you have completed your Flexi-Access Drawdown Illustration request form, you must return this directly to XPS.

Your Flexi-Access Drawdown Options

When completing the MTPAS illustration request form, you will need to select the basis of your illustration.

Important note: Whether you choose to take any available tax-free cash from either your DB or DC funds, your tax-free cash will be paid by XPS. If required, XPS will contact Legal and General for an up-to-date value of your DC funds to calculate your tax-free cash entitlement. When XPS return your illustration request form to L&G they will confirm the approximate amount of tax-free cash available.

The table below shows each option available.

Illustration Options	Standard 25% Tax-Free Cash Retained
Max Tax-Free Cash Nil Income OR with income (Monthly, Quarterly or Yearly)	Yes
Max Tax-Free Cash with Ad-hoc Payment (One off)	Yes
Partial Tax-Free Cash Nil Income OR with income (Monthly, Quarterly or Yearly)	Yes
Partial Tax-Free Cash with Ad-hoc Payment (One off)	Yes
Income Only	No
Partial Lump Sum (Minimum of £2000) *	Yes

Members who have reached their LSA	You can choose to take £1.00 Tax-free cash to avoid exceeding your LSA. A Lump Sum Allowance form will be provided for you to complete and evidence any previous lump sums taken from other pension pots that have affected your LSA.

*Partial Lump Sums - Uncrystallised Funds Lump Sums allow you to take partial Lump Sum amounts, where 25% of the partial amount is tax free and the 75% of the partial amount you have requested is taxable at emergency rate

Q. Instead of taking all my tax-free cash in one lump sum, can I take it as multiple lump sums?

Yes, so long as the amount of tax-free cash does not exceed your 25% cap. The drawdown option allows you to take a tax-free lump sum of up to 25% of the amount within your pension, subject to your LSA. You can take this as either as a full lump sum or smaller lump sums.

Q. Do I have to take money from the L&G Mastertrust when I transfer?

Yes. You cannot transfer to the L&G Mastertrust without taking at some or all your tax-free cash or an income amount. You can choose to take income only, however if there is tax-free cash available on your policy, you will forfeit the entitlement for any future income you request.

Q. What is the difference between flexi access drawdown and pension lump sum?

Flexi-Access Drawdown

This option allows you to withdraw 25% of your pension savings tax-free as a single lump sum, subject to your LSA, or you can request to take partial-tax free cash and opt to take the remaing amount from your drawdown pot at a later date. If you wish to withdraw additional income whether that be a set monthly, quarterly or annual amount or a one off lump sum, it will be subject to income tax. Flexi-Access Drawdown provides you with the flexibility to withdraw these taxable amounts as and when you need them.

Once you start withdrawing the remaining money from your defined contribution pension pot, your annual contribution limit (known as the Money Purchase Annual Allowance or MPAA) reduces to £10,000. However, if you only withdraw your tax-free lump sum, your annual allowance remains at £60,000.

Cash Lump Sums

This option allows you to take individual sums from your pension pot. Each sum you take is 25% tax-free with the remainder subject to income tax.

Under this option, as soon as you make your first withdrawal, the annual amount you are allowed to contribute to your defined contribution pension pot decreases to £10,000. This is referred to as the Money Purchase Annual Allowance (MPAA)

Transferring to the Legal and General Mastertrust

Step 3 – Request to proceed with Transfer to L&G MTPAS

Once you receive your MTPAS illustration, you will need to complete the application form attached in your illustration email confirming you are happy to proceed on your chosen basis. If your application form is returned on a different basis to your initial MTPAS illustration, L&G will need to send you a revised MTPAS illustration before proceeding with your transfer.

L&G will confirm to XPS that you have returned your application form so that they can proceed with their next steps.

Q. Will my fund value change during the transfer?

When L&G sell and buy funds during a transfer, your overall fund value will stay unchanged. However, there might be a slight variation in the number of units within the fund. This happens because the percentage splits used for selling and buying are rounded to two decimal places, leading to minor differences in the unit count.

Charges and Investments

Q. What charges will I pay?

There are two types of charges for funds.

- An Annual Management Charge (AMC) is charged based on your pension plan and is independent of your investment funds.

- The Fund Management Charge (FMC) differs by fund and covers the cost of managing your investment fund(s).

More information on charges can be found in the your guide to investing document. Please note, these charges cannot be deducted from a specific fund. The FMC is calculated by the unit price and the AMC is deducted proportionately across the funds you are invested in.

Q. Will there be any transaction costs if I select my own funds upon transferring to the L&G Mastertrust?

XPS will ask that your investments be moved into the IBM UK Money Fund while your benefits are being transferred to MTPAS. This temporary switch allows XPS to stabilise your investments so they can accurately calculate your final entitlement from the Plan. This may not be applicable in all cases.

When your funds move to the L&G Mastertrust, you can choose to reinvest in the funds you held before the switch to the IBM UK Money Fund (provided they are not soft-closed) or select from the range of funds available in the Mastertrust. To do this, we sell units in the IBM Plan and buy units in the L&G Mastertrust Plan on the same day, using the same pricing point. There are no transaction charges for this process.

Arriving at the Legal and General Mastertrust – Accessing your pension savings

Q. Is there a minimum amount that I can take as income each time?

There is no minimum income amount.

Q. When I withdraw cash from my L&G Mastertrust flexi-access account is it subject to tax?

Yes. Only 25% of your pension savings is payable to you tax-free (unless you have enhanced protection which is above 25% and subject to your LSA). When you take further income from your L&G Mastertrust account it will be taxed at your marginal rate of income tax.

Q. Can I start, stop, or change my income amount when in the L&G Mastertrust?

If you decide to take a regular income from your L&G Mastertrust flexi-access drawdown account, you can start, stop, or change the amount you take, to suit your needs and tax position.

Transferring other pension savings into the Legal and General Mastertrust

Q. Can I transfer other pension savings to the L&G Mastertrust?

Once you have transferred your IBM Pension Plan savings to the L&G Mastertrust you can then transfer pension savings from other pots.

For more information on this, please see the member booklet

Q. Can I transfer in a Self-Invested Personal Pension (SIPP)?

Yes, if the SIPP is a registered scheme with HMRC.

Q. Can I transfer in a DB Pension and/or With Profit Funds?

Where you are transferring from a final salary scheme and the transfer amount exceeds £30,000 you will be required to obtain financial advice on the appropriateness of the transfer. The L&G Mastertrust Trustees and Legal & General will only accept such transfers if the advice is a positive recommendation.

If you are transferring in any AVIVA AVCs that have With Profits funds, you must have a positive recommendation from an independent financial advisor regardless of the value.

Death Benefits within the Legal and General Mastertrust

If you wish to nominate a beneficiary/beneficiaries, you can do so online via manage your account.

Q. Can my L&G Mastertrust pension savings be passed on if I die?

The Trustees of the L&G Mastertrust will usually pay the value of your pension savings to your financial dependants or other beneficiaries. The tax implications and ability to pay the value of your pension savings will depend on your age on death and how you have elected to receive your pension benefits. The current tax position is set out below.

If you die before age 75	Tax Rate
Lump Sum	Free of income tax*
Income	Tax Free
If you die at/after age 75	**Tax Rate**
Lump Sum	Taxed as income**
Income	Taxable**

Starting 6 April 2027, if a pension scheme member passes away without using all their pension funds or accessing all their entitlements, those remaining funds and death benefits will be considered as part of their estate and might be subject to Inheritance Tax.

*A lump sum is subject to the Lump Sum and Death Benefits Allowance of £1,073,100 lifetime allowance tax charge. If the total taken from all schemes exceeds this amount there may be income tax due on the excess. It will also only be free of income tax if it is paid within two years from the member date of death. Any lump sum older than two years will be taxed in the same way as payments made if you die after age 75.

Q. Is beneficiary drawdown available in the L&G Mastertrust?

Beneficiary drawdown is available, the beneficiary must be under 75. The beneficiary can choose payment methods like – ad hoc lump sums or a monthly income. The payments are tax free, if the member is below 75 at the date of death and the claim made within two years of notification of death.

L&G do not offer successor drawdown (A successor is the beneficiary of the original **member's** beneficiary, i.e., a grandchild)

Financial Advice

Q. Do I need to take financial advice before I transfer my IBM Defined Contributions Pensions Savings out of the Plan?

Under current legislation independent financial advice is not required before transferring DC pension savings out of a pension scheme. However, if you are unsure whether flexi-access drawdown or transferring your benefits is right for you, we strongly recommend that you seek independent financial advice.

Pension Wise from Money Helper

This free and impartial service helps you understand your options for using your pension pot, so you can choose the right one for you. Provided by Money Helper, a government organisation, it offers clear and simple guidance online or over the phone. To find out more or book an appointment visit moneyhelper.org.uk/pensionwise or call 0800 138 3944.

Please note the information on this website is not financial advice.

If you need personalised advice from a financial adviser, you can find a list of advisers here: www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-advisers

Important: there are fraudsters trying to defraud members out of their pension. Go ScamSmart - Avoid investment and pension scams | FCA to read more on keeping your pension safe.