

Taking money from my pension

A guide to taking cash lump sums and flexi-access drawdown
when you transfer into the Mastertrust Pension Access Scheme.

This is an important document. Please keep it safe for future reference.



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Welcome

This guide tells you about the options you have to take money from your pension once:

- your transfer to the Mastertrust has completed, and
- you've reached the normal minimum pension age (NMPA).

The NMPA is the earliest age at which most people can start taking money from their personal and workplace pensions. It's currently age 55, but will increase to age 57 from 06 April 2028.

Please note: Some of the options or features mentioned in this guide may not be available on your scheme. Please see your scheme site for details.

We aim to use language that's easy to understand. Where we've had to use terms that you may not be familiar with we've highlighted them in **blue**, and provided an explanation of them in the 'Terms explained' section on page 11.

You don't have to limit your choice to one option or provider. You can mix and match your options for each **pension pot** you have. You could also use only part of your pension pot and leave the rest to be decided on later.

You should shop around to find what's best for you. Different providers will offer different options, features, rates of payment, qualifying criteria and charges. You've the right to transfer some or all of your **pension pot** to one or more providers.

MoneyHelper is a free, government organisation that offers guidance to make money and pension choices clearer. For more information on your options, as well as helpful tips on how to shop around for the best deal, you can visit moneyhelper.org.uk

Contact us

If you've any questions and want to talk to us about your pension plan, please get in touch with us:

Online

You can check the current value of your pension savings at any time by logging into your online account at: legalandgeneral.com/mya

If you'd like to download the L&G app, you can go to legalandgeneral.com/app or scan the QR code below.



The app is full of features to help you manage your retirement savings.

By phone

You can call our helpline on 0345 070 8686. Lines are open from 8:30am to 7:00pm, Monday to Friday.

Call charges will vary. We may record and monitor calls. Please be aware our helpline staff can't provide financial advice.

By post

Pension Access Scheme (PAS) Team
L&G
Workplace DC Pensions
PO Box 1560
Peterborough
PE1 9AP

By email

PensionAccessScheme@landg.com

Please don't send us any personal or financial information by email.

Introduction

The Mastertrust Pension Access Scheme is a [defined contribution scheme](#) designed to allow you to flexibly access your [pension pot](#). When we refer to 'the Mastertrust' in this document we're referring to the Mastertrust Pension Access Scheme.

Once you're ready to take money from your pension pot, you can choose to transfer some or all of it into the Mastertrust. Once transferred, you must then use some of your pot to take:

- a tax-free lump sum
- a cash lump sum,
- a flexible income, or
- some combination of the above.

Any funds left in your pension pot will stay invested until you're ready to take them. If your scheme rules allow, you may also be able to transfer money in from other pension arrangements later.

There may be other options available to you under your existing scheme such as using your [pension pot](#) to buy an [annuity](#). We do not cover these in this guide. To understand all your options, please refer to the information given to you by your existing scheme or ask them for further details.

The 'Tax and Allowances' section on page 8 of this guide explains the tax treatment of the various options. It is not intended as a tax planner. You'll need to understand your own circumstances or seek professional advice if you're unsure how taking money from your pension will affect the tax you'll need to pay.

Where can I get help with these options?

Pension Wise from MoneyHelper - 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 MoneyHelper, a government organisation, it offers clear and simple guidance online or over the phone. This service:

- covers a range of options to help you make sound decisions and take informed action, whether that's seeking further advice or purchasing a product;
- tells you about the different types of pensions and what you can do with your pension pot – what's tax-free and what's not;
- is offered face to face by Citizens Advice or by phone with Pension Wise.

To find out more or book an appointment visit moneyhelper.org.uk/pensionwise or call **0800 138 3944**.



If you're still unsure about your options we recommend you speak to a financial adviser. You can find one in your local area by visiting unbiased.co.uk.

Please note: financial advisers will usually charge a fee for their services.

L&G can also help you to access guidance and advice. Please visit your scheme website (if applicable) to see what services are available to you. You can also contact us via any of the methods listed on page 3 of this guide.

Neither the managers nor the [trustees](#) of your previous pension scheme, L&G or the Mastertrust [trustees](#) will be held responsible for the consequences of your decisions about how you choose to take money from your [pension pot](#).

Options

Take your whole pot as a cash lump sum

You're able to take your whole pension pot as a cash lump sum. Usually up to 25% of this will be paid to you tax-free (subject to allowances) with the remainder taxed as income. Your funds will be paid directly to your bank account.

Take smaller cash lump sums

You can leave money invested in your [pension pot](#) and take smaller cash lump sums as you need to. Usually up to 25% of each lump sum is paid to you tax-free (subject to allowances) with the remainder taxed as income. Any lump sums you take will be paid directly to your bank account.

Flexi-access drawdown

Flexi-Access Drawdown allows you to take up to 25% of your [pension pot](#) as a tax-free lump sum (subject to allowances). The rest stays invested. You can then take a taxable income from your remaining pension, on a regular and/or occasional basis. You can change the funds your pension stays invested in at any time.

Staying invested means your pot may benefit from additional investment growth, helping to continue to build your savings while drawing an income.

It's important to choose an investment approach for the remaining funds that best suit your goals for the future. You'll need to keep your plans and goals for your pension under regular review.

The value of your pension pot may go down as well as up and will depend on how your investments perform, as well as other factors including:

- the charges that apply (see page 9),
- the effect of inflation, or
- how much income you choose to take.

If you decide to take a regular income from your [pension pot](#), you can stop, start or change the amount you take, to suit your own needs and tax position. You can do this at any time.

The more income you take the more likely the savings in your pot may run out. There are a number of things to consider – please see page 6 for more details.

Regular payments will be paid directly to your bank account. You can request one-off withdrawals which could be in addition to any monthly payments.

When you decide how much of your pot to use for drawdown, you can take up to 25% of that amount as a tax-free lump sum (subject to allowances). If you choose to take less than 25%, you won't be able to take the remaining percentage later on.

For example, if you chose to take 20% of the amount you selected for drawdown as a tax-free lump sum, you couldn't take another 5% tax-free on that amount later.

If you have more pension savings remaining, you can choose to use additional amounts of it on drawdown later on. You could still take up to 25% of these amounts as tax-free lump sums (subject to allowances).

Things to consider

- Regular and/or occasional income payments or cash lump sums taken from your [pension pot](#) will not provide you with a guaranteed income for life. Only a lifetime [annuity](#) can provide this certainty.
 - The more money you take out, the faster your [pension pot](#) will run out. This could leave you with no income above your State Pension entitlement. Equally, you should ensure that you take enough money from your [pension pot](#) to meet your needs where possible.
 - If you die before your [pension pot](#) is used up, your beneficiaries can continue to benefit from it by taking an income or a cash sum. Please see ‘What happens to my remaining [pension pot](#) if I die?’ on page 10.
 - Taking money from any of your [pension pots](#) could increase the tax you pay on any income that you receive in the same tax year. This means you might be required to pay a higher rate of income tax than you would otherwise usually pay. This may also mean you have to complete a self-assessment tax return.
 - There are different tax consequences depending on how you take money from your [pension pot](#) and your personal circumstances. For more details about these please see the ‘Tax and Allowances’ section on page 8.
 - Any money you leave in your [pension pot](#) remains invested in funds with specific risks. The value of these funds is not guaranteed and can go down as well as up. You can find full details of the risks for each fund on the fund factsheets which can be found in the investment guide on your scheme website.
 - Some investment funds may not be as suitable as others for your needs when taking money from your [pension pot](#).
- The law and tax rates may change in the future. Although it’s not possible to know what changes future governments might make, any alteration to the law or taxes could affect the level of benefits you receive. The amount of tax you need to pay will depend on your individual circumstances.
 - Taking money from any of your [pension pots](#) could mean you lose entitlement to means-tested state benefits such as housing benefit, council tax deductions, income support, income-based jobseeker’s allowance and universal credit.
 - You should check whether any benefits you or your partner receive (or could be entitled to in the future) will be affected by you accessing your pension savings. If you do receive state benefits you may wish to discuss this with the office that issues your benefits, a financial adviser, or with Pension Wise, a service from MoneyHelper. We’ve provided some details about Pension Wise on page 4.
 - If you choose to transfer your [pension pot](#) to the Mastertrust Scheme, HM Revenue & Customs (HMRC) regulations will not allow you to keep any protected tax-free cash entitlement that you may have. With protected tax-free cash, you could take more than 25% of your [pension pot](#) from your existing scheme as a tax-free cash sum but under the Mastertrust Scheme you would be limited to a maximum of 25% tax-free cash (subject to allowances). If you believe you have protected tax-free cash under your current scheme, please contact your current scheme provider for details on how you can use it.
 - In all cases, you will not have a right to cancel after transferring to the Mastertrust. However, you will be able to transfer from the Mastertrust to another [registered pension scheme](#), or a [qualifying recognised overseas pension scheme \(QROPS\)](#).

You can find a financial adviser in your local area at [unbiased.co.uk](https://www.unbiased.co.uk). Advisers usually charge a fee for their services. L&G can help you to access guidance and advice. Please visit your scheme website to see what services are available to you. You can also contact us via any of the methods listed on page 3 of this guide.

Tax and allowances

Tax

In most circumstances up to 25% of your [pension pot](#) can be paid tax-free (subject to allowances). The remainder will be taxed as income under the Pay As You Earn (PAYE) system. Under current legislation, the payments will not be subject to National Insurance deductions.

Please see 'What happens to my remaining [pension pot](#) if I die?' in the 'Questions and Answers' section on page 10 for details about tax if you die and there is still money left in your [pension pot](#).

Emergency tax codes

For any of the options outlined in this guide we'll deduct tax based on the [emergency tax code](#) as we're required to by HMRC on the first payment.

This may mean that we deduct too much or too little tax. HMRC will adjust this through your tax code later. If we're making further payments to you, they will be taxed at your normal rate of income tax.

Allowances

Money Purchase Annual Allowance:

- If you start to take money from your pension savings, the amount that can be paid into your pensions without paying extra tax (known as your [annual allowance](#)) could reduce to £10,000 per tax-year. This is known as 'triggering' the Money Purchase Annual Allowance or MPAA. Taking only the tax-free cash from your pension will not trigger the MPAA.
- We'll tell you if this applies to you. You'll need to tell all other pension plans where you're still building up benefits about this within 91 days. You'll also have to tell any new schemes you join in the future.

Annual Allowance:

- If you're a member of a [defined benefit scheme](#) (sometimes known as final salary), the money purchase annual allowance won't affect that scheme.
- For more information about the [annual allowance](#) please see the 'Terms Explained' section on page 11.

Lump Sum Allowance:

- When you access your pension, you can usually take up to 25% of it as a tax-free lump sum.
- Your lump sum allowance is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it.
- The lump sum allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.

Charges

We won't charge you for taking money from your [pension pot](#).

We'll deduct an Annual Management Charge (AMC) and Fund Management Charge (FMC) on any money that remains invested in your [pension pot](#).

Annual Management Charge (AMC)

This charge covers the cost of running your pension account, and the rate of charge has been agreed with your employer.

We show the AMC as a percentage of the value of your [pension pot](#) over a year. Please see your terms and conditions booklet (for example, your member's booklet or policy booklet) for more information.

We work out the charge daily, and take it once a month. We take these charges by selling units in the fund or funds that you're invested in.

Fund Management Charge (FMC)

This charge covers the cost of running investment funds. Different investment funds have different FMCs that are reflected in the price of the units of each fund rather than being deducted from your [pension pot](#).

In certain circumstances we may need to make changes to our charges or introduce new charges. We'll normally give you 30 days' advance notice of any change. The FMC of any fund could change in the future.

You can find more information on the charges that apply to you on your scheme website.



Questions and answers

If I decide to transfer to the Mastertrust scheme can I still contribute to my existing plan?

You'll need to ask your employer if this is an option for you.

Please refer to the 'Allowances' section on page 8 for more information, as accessing your [pension pot](#) may reduce the maximum amount that can be paid into all of your pension pots without paying extra tax.

Where will my money be invested after it is transferred?

You can tell us the fund or funds where you want to invest your transfer. If you don't, we'll automatically invest your transfer in the default agreed with your scheme.

More information about the funds available can be viewed online in your investment guide.

Can I transfer my pension pot or buy an annuity after taking flexi-access drawdown?

You can transfer any remaining [pension pot](#) to another [registered pension scheme](#), a [qualifying recognised overseas pension scheme \(QROPS\)](#) or buy an [annuity](#) with any [annuity](#) provider even after you have taken some money from your [pension pot](#).

Which funds will you take my money from for income or cash lump sums?

If you are invested in more than one fund, you can tell us which funds to deduct money from first. If you don't tell us, we'll deduct money proportionately from all the funds your pension pot is currently invested in.

If you're taking only some of your money and leaving some invested, you may want to think about which investments you want to take or leave behind.

Once I have taken money from my pension pot, can I change my mind?

You cannot change your mind once we've made any payments to you.

You can however let us know if you wish to stop or change the amount of regular monthly payments at any time.

What happens to my remaining pension pot if I die?

If you die before age 75: any remaining money in your [pension pot](#) can be taken by a nominated beneficiary either as a tax-free single cash lump sum subject to allowances, or through flexi-access drawdown. Flexi-access drawdown will not be an option after the death of any beneficiary who had chosen this option.

If you die aged 75 or over: any remaining money in your [pension pot](#) can be taken by any nominated beneficiary as a single cash lump sum subject to that beneficiary's [marginal rate](#) of income tax. Alternatively, any nominated beneficiary may be able to take an income through flexi-access drawdown, subject to their own [marginal rate](#) of income tax.

If the beneficiary is your spouse, registered civil partner or another [dependant](#), they will also have the option of using the remaining money in your [pension pot](#) to buy an [annuity](#). The [annuity](#) payments will be subject to their [marginal rate](#) of income tax.

Please note that the government has announced its intention to include the value of death benefits paid from most unused pension funds within the value of your estate for inheritance tax purposes if you were to die on or after 6 April 2027. The exact rules are currently under consultation by the government.

Lump Sum and Death Benefit Allowance

Your lump sum and death benefit allowance (LSDBA) is the total amount of tax-free money you can take across all the pensions you have as a:

- tax-free lump sum
- tax-free serious ill-health lump sum, paid out before you turn 75, or
- tax-free lump sum death benefit, paid out if you pass away before you turn 75.

The LSDBA is £1,073,100. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance. Income tax will need to be paid on any funds paid above the LSDBA, by whoever receives the payment.

Helpful information

There are several organisations that can help you find out more about workplace pension plans:

Citizens Advice

Citizens Advice aim to provide the guidance people need for the problems they face and improve the policies and practices that affect their lives. Further information is available at:

Tel: **0345 404 0506**
citizensadvice.org.uk

GOV.UK

GOV.UK is a useful source of information from the Government on pensions. On their website you'll be able to find information about pensions and retirement, including the State Pension, Pension Credit, National Insurance in retirement and much more.

gov.uk

Pension Tracing Service

The Pension Tracing Service provides a tracking service for ex-members and their dependants of schemes with pension entitlements, who have lost touch with earlier employers.

The Pension Tracing Service can be contacted at:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1LU

Tel: **0800 731 0175**
gov.uk/find-pension-contact-details

MoneyHelper

The Government's free and impartial service, offering guidance to make money and pension choices clearer.

MoneyHelper can be contacted at:

Holborn Centre
120 Holborn London
EC1N 2TD

Tel: **0800 011 3797**
moneyhelper.org.uk

The Pensions Ombudsman

The Pensions Ombudsman has the power to investigate and decide upon complaints and disputes involving occupational pension schemes. The Pensions Ombudsman can help before or after a pension scheme's internal dispute resolution procedure (IDRP) has been completed.

The Pensions Ombudsman can be contacted at:

Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

Tel: **0800 917 4487**
pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

The main purpose of TPR is to monitor the running of occupational pension schemes. In general it will act if and when irregularities in the running of a scheme are brought to its attention.

The scheme's administrators and professional advisers have a duty to provide a report to TPR if they believe there have been any irregularities in the running of the scheme.

TPR can be contacted at:

The Pensions Regulator
Telecom House
125–135 Preston Road
Brighton
BN1 6AF

Tel: **0345 600 0707**
thepensionsregulator.gov.uk

Pension Wise from MoneyHelper

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 MoneyHelper, 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**

Terms explained

Annual allowance

Generally, you can pay the equivalent of your entire annual salary each year (or up to £3,600 if that's more) and still get tax relief.

However, the Government has put in place an annual allowance which, for the 2026/2027 tax year is

£60,000. It includes any money that you pay in and any money that an employer pays in on your behalf to any pension plans you may have. For those with earnings between £200,000 and £260,000 a year when total pension contributions are included, the annual allowance may reduce below £60,000 but not less than £10,000. If you exceed the annual allowance, you will pay tax on the total amount that is paid above it.

Annuity

An annuity is a product that provides you with an income for life when you come to retire. You can use the value of your pension pot to buy an annuity from us or another annuity provider. You will then receive an income for the rest of your life or for a fixed term. How much income you'll get depends on a number of things including how much your pension pot is worth and the annuity rate at the time you come to buy one. Don't forget that you can buy an annuity from whichever provider you choose, and it pays to shop around for the right deal for you.

Defined benefit scheme

This is often referred to as a final salary scheme. The benefits are 'defined' so you can calculate how much you will get when you take your benefits. They often depend on your salary level when you leave the scheme, your time in the scheme and the accrual rate. This is the rate that pension benefits build up at for each member.

Defined contribution scheme

What's paid in is the defined part, rather than the final benefits. The final benefits will depend on the total contributions paid in and how they have performed whilst invested. Your income also depends on the options you choose at retirement. These can be money purchase occupational schemes, a stakeholder or personal pension plan.

Dependant

A dependant is either:

- A person who was married to or in a registered civil partnership with you at the time of your death;
- A natural or adopted child provided he/she is under the age of 23 or was dependent upon you at the date of your death because of mental or physical impairment; or
- A person who falls into neither of the above categories and who at the date of your death was either financially dependent on you, in a financial relationship of mutual dependence with you or dependent on you because of mental or physical impairment.

Emergency tax code

This is a temporary tax code which is applied to your first income payment. HMRC will advise your correct tax code to your employer or pension provider.

Your tax code is used by your employer or pension provider to work out how much income tax is deducted from your pay or pension. More information on income tax is available at gov.uk/income-tax-rates

Lump Sum Allowance

When you access your pension, you can usually take up to 25% of it as a tax-free lump sum.

Your lump sum allowance is the maximum amount of money you can take as tax-free lump sums from all the pensions you have. While you can still take out money over this allowance, you will need to pay income tax on it.

The lump sum allowance is £268,275. It will be higher if you have any protected tax-free lump sums, or a protected lifetime allowance.

Marginal rate

This is the rate of tax you pay on your taxable income which exceeds your personal allowance. The basic personal allowance for the 2026/2027 tax year is £12,570. This reduces by £1 for every £2 earned over £100,000 and will be £0 if your total taxable income exceeds £125,140.

The rate of tax you pay is determined by the rates and bands set by the government. These will depend on where you live in the UK. You can find out more about tax rates and bands at gov.uk/income-tax-rates

Normal minimum pension age (NMPA)

The age from which you may begin taking money from your pension. It's currently age 55, but will increase to age 57 from 06 April 2028.

Pension pot

The value of all your transfers plus any investment growth, less charges.

Registered pension scheme

So that you can benefit from the tax advantages of saving in a pension plan, the scheme needs to be registered with HMRC. This includes occupational and private personal pension schemes but excludes State Pension schemes.

Qualified recognised overseas pension scheme (QROPS)

A QROPS is an overseas pension scheme that HMRC considers eligible to accept transfers from UK pension schemes. A QROPS will normally need to have similar characteristics to UK schemes, such as not allowing access to pension benefits before the normal minimum pension age.

Transferring your pension overseas can come with significant tax implications. You'll need to seek professional advice if you're unsure how transferring to a QROPS will affect you.

Trustee

A trustee is a person or company, acting separately from the employer, who holds assets in the trust for the beneficiaries of the scheme. Trustees are responsible for ensuring that the pension scheme is run properly and that members' benefits are secure.

For the purposes of this document, where the trustee is highlighted in blue it refers to the current Trustees. You can find out more about who they are on the Mastertrust website.

The Trustees have appointed Legal and General Assurance Society Limited to administer the Mastertrust on their behalf.

Contact us

For further information, please contact:

0345 070 8686

Call charges will vary. We may record and monitor calls.

Visit our website at:

legalandgeneral.com

legalandgeneral.com/mya

The Pension Scheme: Legal & General WorkSave Mastertrust (RAS) Scheme. Authorised and regulated by The Pensions Regulator.

Administrator: Legal and General Assurance Society Limited. Registered in England and Wales No. 00166055. Registered office: One Coleman Street, London EC2R 5AA. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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