

Income Drawdown Plan

Adviser Guide

For Adviser Use Only

The Income Drawdown Plan allows your client to take tax-free cash and, if required, to draw an income from their retirement fund. This product is suitable for clients who wish to remain invested to maximise growth potential, and are not looking to withdraw funds over a short period of time.

This guide provides a brief summary of the Income Drawdown Plan. Full details are given in the Terms and Conditions of the product, which can be found on our website: pensions.linkfundsolutions.co.uk.

Product Details

INVESTMENT AMOUNT

- Minimum initial investment £25,000 (after deduction of any tax free cash and any initial adviser charge).
- Minimum portfolio size Plan must contain £1,000 funds under management.

AGE CRITERIA

- Minimum age at entry Usually 55 unless entitled to take benefits early under HMRC rules. No minimum age for a dependant's drawdown pension.
- Maximum age at entry No maximum age.

TAX-FREE CASH ALLOWANCE

- Tax-free cash (Pension Commencement Lump Sum) Up to 25% of the funds designated for drawdown can normally be taken as tax-free cash, when the Income Drawdown Plan is first set up. It cannot be taken at a later date.

INCOME PAYMENTS

- Income frequency The required income can be taken by regular monthly, quarterly, or annual payments. Alternatively payments can be requested on an ad-hoc basis.
- Minimum/maximum income amount Income does not have to be taken. There is no limit to the amount of income you can take, subject to meeting the minimum portfolio size. However, you should be clear on the tax liability of any income payment made.
- Fund source of income payments Payments will initially be taken from the LF Cash Fund. We manage payments in this way to ensure greater predictability, as this fund has lower levels of volatility.
- Income changes In any tax year the first change of income frequency, amount or ad-hoc withdrawal is free of charge. Subsequent changes or requests in the tax year are charged at £45 per request.

Product Details

- **Income tax**
Income payments are normally taxed as earned income subject to PAYE income tax. The amount of tax paid will depend on the customer's tax code recorded at the time income is paid. If a customer has supplied a current tax year P45 that tax code will be used, alternatively an emergency tax code will be used until we are informed of the correct tax code by HMRC.
- **Payment dates**
Payments will be made on the first working day of the month. If the payment date falls on a Bank Holiday or weekend, the payment will be made the previous working day.
- **Payment method**
Income is paid via BACS to a UK bank account held in the customer's name, or to a nominated account which they hold jointly with someone else.

INVESTMENT OPTIONS

- **Investment funds**
A selection of five risk-rated portfolios to choose from. Only one portfolio can be held at any point in time. The current range of available funds can be found in the Income Drawdown – Guide to LF Investment Funds on our website: pensions.linkfundsolutions.co.uk.

CHARGES

- **Initial charge** £0
- **Plan set-up fee** £0
- **Transfer in fee** £0
- **Transfer out fee** £0
- **Income withdrawal charges** £0
- **Income change fee** £0 first change in tax-year.
£45 for each subsequent change (including ad-hoc payments). VAT is not applicable on this fee.
- **Annual Management Charges**
Portfolio Annual Management Charges (AMCs) are between 0.10% and 0.60%. Please refer to the **Guide to LF Investment Funds** for more details about AMC and Total Expense Ratio (TER).
- **Advice charges**
You can take an initial advice charge against the value of the Plan either as a flat fee or as a percentage of the fund. A regular annual fee for advice provided can also be taken which will be paid on the Plan anniversary.

Product Details

CUSTOMER COMMUNICATIONS

- Payslips Payslips will be issued each month, shortly after the income payment date.
 - P60s P60s will be issued annually, after the end of the tax year.
 - Statements An annual statement will be sent to the client, with a copy also sent to the adviser.
 - Short Report Issued twice a year for each investment fund held within the portfolio.
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TRANSFERS

- Transfer to another provider The whole or part of a Plan can be transferred to another drawdown provider, to another LFS drawdown product, or to purchase an annuity.
 - Transfers in We accept crystallised and uncrystallised transfers from other UK registered pension schemes.
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ENCASHMENT OF FUNDS

- Death In line with tax rules effective at time of death.
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OTHER

- Unit pricing All our units are forward priced.
 - Long-term annuities Long-term annuities cannot be secured under the Plan.
 - Submitting business to LFSL In order to submit new business to LFSL, you should have accepted our Terms of Business and be registered with the FCA to give appropriate advice.
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