

Cash Fund Drawdown

Adviser guide

For Adviser Use Only

The Cash Fund Drawdown allows your client to take tax-free cash and to make taxable cash withdrawals from their retirement fund. It is designed for customers wishing to deplete their pension fund over a short number of years. For minimum market volatility, the client's retirement pot is invested in the LF Cash Fund.

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

Product details

INVESTMENT AMOUNT

- Minimum initial investment £5,000 (after deduction of any tax-free cash and any initial adviser charge)
- Minimum additional investments There is no minimum additional transfer in value.
- 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 you first set up the Cash Fund Drawdown Plan. It cannot be taken at a later date.

CASH WITHDRAWALS

- Minimum/maximum cash withdrawal Cash withdrawals are subject to a minimum amount of £500.
There are no limits on the maximum levels of cash which can be withdrawn from the Plan, subject to the minimum allowable portfolio size.
- Income tax Cash withdrawals 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 they are 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.
- Withdrawal frequency Cash withdrawals can only be requested on an ad-hoc basis. It is not possible to set up a regular payment.

Product details

CASH WITHDRAWALS continued

- Payment dates Cash withdrawals are paid on the first working day of the month. If the payment date falls on a Bank Holiday or weekend, they will be paid the previous working day.
- Payment method To a customer's UK bank account via BACS, and only to a nominated account in their name, or to a nominated account which they hold jointly with someone else.

INVESTMENT OPTIONS

- Investment Funds The only investment option is the LF Cash Fund as this product is designed for short-term use. The underlying investment of the LF Cash Fund is the Henderson Money Market Fund.

CHARGES

- Initial charge £0
- Plan set-up fee £200 non-refundable fee. VAT is not applicable on this fee.
- Transfer in fee £0 for initial transfer.
£90 non-refundable fee for each subsequent transfer. VAT is not applicable on this fee.
- Transfer out fee £0
- Cash withdrawal fee £45 fee for each cash withdrawal. VAT is not applicable on this fee.
- Annual Management Charges The Annual Management Charge (AMC) of the LF Cash Fund is 0.10%. The Total Expense Ratio (TER) is 0.35%.
- 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.

CUSTOMER COMMUNICATIONS

- Payslips A payslip will be produced for the month a cash withdrawal is made.
- P60s P60s will be issued annually, after the end of the tax year.
- Statements An Annual Benefits Statement will be sent to the client at least annually, with a copy also sent to the adviser.
- Short Report Issued twice a year.

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. If a partial transfer is required, a minimum of £1,000 funds under management, will be required to keep the Plan open.
- Transfers into Cash Fund Drawdown We accept crystallised and uncrystallised transfers from other UK registered pension schemes. We do not accept transfers of Qualifying Recognised Overseas Pension Schemes (QROPS).

Product details

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.
 - Short-term annuities Short-term annuities cannot be secured under the Plan.
 - Submitting business to LFS In order to submit new business to LFS, you should have accepted our **Terms of Business** and be registered with the FCA to give appropriate advice.
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