

# Focus on SIPP

## Issue 39 – February 2010

---

### Earliest Pension Age Moves From 50 to 55

As you will be aware, from 6 April 2010 the HM Revenue and Customs rules change the age at which you can draw pension and lump sum benefits from your pension. These rules state that you are unable to start taking your pension scheme benefits until you reach the normal minimum pension age (NMPA). The NMPA is determined in legislation for registered pension schemes and is:

- before 6 April 2010 – age 50
- on or after 6 April 2010 – age 55

**Therefore, from 6 April 2010 you will not be able to take pension or lump sum benefits from the scheme until you reach age 55.** Below are some questions and answers in respect of this change.

**Q: Are there any exceptions to the increase in NMPA to age 55?**

**A:** This increase in NMPA is a legislative requirement, so largely speaking the answer is no as the increase affects all pension schemes. Separate rules apply if you want to retire through ill health or if you were in a pension scheme before 6 April 2006, which had a low retirement age because of your particular profession (for example professional sports people or those in hazardous occupations).

**Q: I have already started taking some of my pension benefits but not all of them. How will I be affected?**

**A:** If you have already started to take benefits after reaching the current NMPA of 50, but you will not reach age 55 before 6 April 2010 those benefits can continue to be paid. You may also elect to take further benefits between now and 5 April 2010, however, from 6 April 2010, you will not be able to commence any new benefits until you reach the new NMPA of 55.

**Q: If I want to start taking some of my pension before the NMPA increases to 55, will there be enough time to arrange this?**

**A:** It will depend upon whether you choose to take income withdrawal from your plan, or if you wish to buy a lifetime annuity with an insurance company. Either way, if your pension plan holds assets, which may take time to value and/or sell (such as commercial property), it is important that you act as soon as possible.

---

This newsletter is prepared by TM SIPP Services for the information of professional connections. The views are those of TM SIPP Services and can be subject to change without notice. Inland Revenue law and practice are subject to individual circumstances

---

**TM SIPP SERVICES**

# Focus on SIPPs

## Issue 39 – February 2010

---

If you reach age 50 between now and 5 April 2010 and want to take pension benefits, all of the paperwork required can be completed prior to you reaching age 50 so that we are in a position to commence your pension as soon as you reach age 50.

Our broad requirements in respect of income withdrawal and annuity purchase are outlined below:

### Income Withdrawal

You must notify us in writing, as soon as possible, of your wish to take benefits from your plan. If you are under 55 at 6 April 2010 we will not be able to accept your instructions after 5 April 2010.

We will also require the following, if not held already, by 1<sup>st</sup> March 2010:

- Fully completed Benefit Payment Form
- Evidence of age
- Personal identification requirements
- Any protection certificate being relied on for the benefits being taken
- The required monies to allow the benefits to be paid

### Lifetime Annuity

If you wish to buy a lifetime annuity with an insurance company, we must receive **all** necessary forms, fully completed by 6 April 2010. We will need to be in a position to pay money to your chosen provider by 5 April 2010 at the latest, otherwise a normal minimum pension age of 55 will apply.

**Q: I would like to consolidate my other pension arrangements prior to starting to take benefits before 6 April 2010. Will there be enough time to do this?**

**A:** Please be aware that transfers can take some time (often several months) to complete and this may have an impact on what benefits you can take prior to 6 April 2010. We will not be able to take into account any instructions for transfers we receive on or after 6 April 2010. You should therefore ensure that you begin the process of transferring other pension arrangements in good time in order to give us the best opportunity to meet your requirements.

This newsletter is prepared by TM SIPP Services for the information of professional connections. The views are those of TM SIPP Services and can be subject to change without notice. Inland Revenue law and practice are subject to individual circumstances

---

**TM SIPP SERVICES**