

BASF UK Group Pension Scheme

Pension Advice Allowance

Pensions can be complex and understanding the various products and legislation can be difficult, so expert advice is encouraged to help members get the most from their retirement savings.

What is the Pension Advice Allowance?

The Pension Advice Allowance was introduced on **6 April 2017** and allows individuals to use some of the funds from their pension pot to pay for appropriate professional advice, without incurring a tax charge.

The Allowance is only available to Defined Contribution (DC) members.

Whilst BASF do support the Pension Advice Allowance, not all pension providers offer the service.

How does the Pension Advice Allowance work?

Where the Scheme offers the service, you will be able to take up to **£500** from your DC Account up to **three times** in your lifetime. The funds can be redeemed against the cost of retirement financial advice.

You can use the Pension Advice Allowance at any age, but only once in any tax year. It can only be used to pay for regulated retirement financial advice, so any adviser you choose must be regulated and authorised by the Financial Conduct Authority (FCA).

Why can I only use the service three times?

The Government limits the use of the allowance to three instances so you can take advice at different stages of your life. Limiting the allowance to three uses should avoid members receiving repetitive advice and reduce the amount of money released from your pension pot.

For example, younger members may want advice on where retirement savings should be invested, whereas members closer to retirement may need advice on how to draw an income in retirement.

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However, legislation introduced in 2012 means you can take an unlimited amount from your pension in the event of a pension transfer. This means that the usefulness of this allowance, tends to be more for financial planning or retirement planning, where the advice isn't to do with a switch of your pension.

Why do I need to take financial advice?

Many of us will spend decades in retirement, so it's crucial that to find out whether your retirement savings are on track to provide you with the sort of lifestyle you want when you stop work.

An adviser can help you work out if you're paying in enough, and whether the funds your retirement savings are invested in are performing in line with your expectations. They can also suggest whether you might be better off switching your pension to reduce the charges you are paying, or because you have several plans which you would like to consolidate.

Can I take the allowance as cash?

No, the Pension Advice Allowance can only be redeemed to an FCA approved financial adviser.

I am member of the DB Section; can I take advantage of the service?

If you belong to a final salary or defined benefit pension scheme, you won't be eligible for the Pension Advice Allowance. However, you must by law get independent financial advice if you have a final salary pension worth more than £30,000 and you want to transfer it to a defined contribution pension scheme.

With defined benefit pensions, the amount you receive at retirement depends on how long you were in the scheme and your salary. The amount you get is guaranteed and will increase each year so that it keeps pace with rising living costs.

As the value of your benefits is not linked to investments, you do not have a 'pot' as such and are therefore not able to withdraw funds to pay for advice.

How do I find a financial adviser?

If you do not have access to an independent financial adviser, we recommend using www.unbiased.co.uk. Unbiased offer a free service that matches your advice needs to approved advisers in your local area.

I would like to use the Pension Advice Allowance service; who do I contact?

If you would like to use the service, you should contact the Scheme Administrator and provide them with details of your financial adviser.

Address: BASF
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PO Box 319
Mitcheldean
GL14 9BF

Email: BASF@buck.com

Phone: 0330 123 0647