

Death benefits from a SSAS: what you should know

Benefits can be taken from a SSAS on the death of a member in a number of ways. The *SSAS Member Trustee Guide* gives full details of your options. Before making important decisions, talk to your financial adviser.

What if you don't have a financial adviser?

You can find an FCA-registered adviser at www.unbiased.co.uk. They will be able to give you details of a financial adviser in your area and if they have specialist pensions qualifications.

What if you don't want a financial adviser?

In this case, we urge you contact **Pension Wise**, the free impartial guidance service set up by the government. They can explain your options but cannot advise. You can access Pension Wise in the following ways:

- **online:** at www.gov.uk/pensionwise;
- **face-to-face/by phone:** book an appointment by calling 0800 138 3944 (local telephone charges apply). Phone appointments are with The Pensions Advisory Service and face-to-face appointments are with Citizens Advice.

The Money Advice Service also provides information at www.moneyadviceservice.org.uk.

What are the risks of taking benefits?

- **The fund may run out of money!** Taking any benefits from any pension scheme (including death benefits) carries risks. The more you take from it the less will remain for the future.
- **Tax!** Certain death benefits may be taxed. This is a complex area and is why it's so important to talk to a financial adviser.



Who can receive death benefits?

The SSAS trustees will determine who death benefits will be payable to and if the late member made a nomination of beneficiaries it would be very unusual for the trustees not to follow their wishes. The member could nominate anyone to be the beneficiary of their pension benefits in the event of their death.

When we are notified of the death of a member we will ask the trustees how to pay benefits. We will then calculate the exact amount of benefits available and ensure that payment is made to the correct parties.

Taking your benefits: the options and tax

In this part of the document we explain the different benefit options for taking death benefits and how they're taxed.

All of the benefits can be taken whether or not the late member was already taking benefits prior to death.

Our website also gives information about past and current tax rates.

- **Dependant/beneficiary annuities:** These are tax free if the member died before age 75. You can choose the annuity provider and the type of annuity. An annuity can be fixed, or it can increase or decrease in payment. An increasing annuity will be lower at the start. You can select for your chosen dependants to continue to receive the annuity after you die. The annuity may also have a guarantee period such as five years and you can choose the frequency.

You should consider taking advice about which annuity is most suitable for you.

- **Dependants/beneficiary flexi-access drawdown:** As much or as little benefit can be taken from the fund and can remain within the SSAS indefinitely and taken at any time. Benefits are tax free if the late member was aged under 75 when they died and flexi-access drawdown is elected within two years of death. If the member was over 75 or if the election is not made within two years of death then it will be taxed at the recipient's marginal rate of tax.

- **Lump sum death benefit:** This allows beneficiaries to take some or all of the pension pot as a lump sum. This will be paid to individuals tax free provided that the deceased member was aged under 75 and that benefits were paid within two years. If the late member was aged 75 or over or if the lump sum is not paid within two years of death then individuals receiving the benefits will be taxed at their marginal rate of tax. Please note that benefits paid to other parties (such as companies or trusts) can be taxable at the higher rate of 45%.

A word about “pension fraud”

Fraudsters are targeting the unwary. Their aim is to get you to invest in scam investments. Sometimes they may offer a ‘free pension review’ or spectacular returns.

Scam investments can reduce a pension fund to nothing. As a responsible company, we’ll only transfer funds to a pension scheme that’s registered with HMRC, which doesn’t aim to release funds early and which does not appear to be involved in investment scams. We’ll investigate and report any schemes we spot to the relevant authorities and will refuse to make a transfer payment.

Xafinity SIPP Services Limited is authorised and regulated by the Financial Conduct Authority and its subsidiaries Hazell Carr (ES) Services Limited, Hazell Carr (PN) Services Limited, Hazell Carr (SA) Services Limited, Hazell Carr (SG) Services Limited and Hazell Carr (AT) Services Limited are Appointed Representatives of Xafinity SIPP Services Limited. Registered Offices. Xafinity SIPP Services Limited (SC069096), Hazell Carr (SA) Services Limited (SC086807) and Hazell Carr (AT) Services Limited (SC420031) are registered in Scotland at Scotia House, Castle Business Park, Stirling, FK9 4TZ. Xafinity Pension Trustees Limited (01450089), Hazell Carr (ES) Services Limited (02372343), Hazell Carr (PN) Services Limited (00236752) and Hazell Carr (SG) Services Limited (01867603) are registered in England & Wales at Phoenix House, 1 Station Hill, Reading, RG1 1NB. Xafinity SSAS is a trading name of Xafinity SIPP Services Limited and its subsidiaries. Part of the Xafinity Group. 748XSP(a) (11/16)