

## **Case study 2 – Releasing Funds from Pension**

**Client:** Jane approached us recently for advice on releasing money from her pension. She was moving to a larger flat and needed to release capital from her Prudential Plan for costs and a deposit.

Jane confirmed she also had a substantial Occupational Pension and her State pension. She would hence not be compromising her retirement provision to any great degree by releasing money from the Prudential.

**Client Objectives:** As her existing flat was not sold yet, she would likely access money from her pension in 2-3 stages. She also wanted any sums released not to move her into the higher rate tax bracket.

As she could not provide a P45 as proof of earning in this tax year, any sum released would therefore be taxed on a Month 1 basis, often resulting in a much higher tax payment than necessary, which has to be claimed back.

**Advice:** The solution was provided by the Prudential after transferring her pension to their Flexible Access Drawdown plan. A minimum income was established from the FAD account (£1 per month) so the Prudential could obtain an appropriate tax code.

**Outcome:** Shortly afterwards Jane required a capital withdrawal and we were able to calculate the maximum withdraw keeping her total earnings in the 20% tax band. Good advice and a very happy client!