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Elevate help guide: Uncrystallised Fund Pension Lump Sum

Standard Life

There's a lot to look forward to

Introduction

Uncrystallised Fund Pension Lump Sum (UFPLS) allows clients to take full or partial withdrawals from their uncrystallised pension pot.

- Drawing on a pension fund in this way might benefit clients who are not looking to take regular income withdrawals.
- UFPLS allows your client to take a lump sum to meet ad hoc needs and only the amount withdrawn is crystallised from the pension fund.
- Clients will receive 25% of the amount tax-free, with the remainder taxable as pension income based on PAYE rules.

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How to setup an UFPLS payment

What you will see

The screenshot shows the Elevate system interface. At the top, there is a navigation bar with tabs: Summary, Portfolio, **New Work**, Cash Account, Account Holders, Transactions, and Reports & Documents. Below this, there is a sub-navigation bar with: Create, Work In Progress, Work Submitted, and Disclose And Authorise. The main content area is divided into two columns: 'Payment activities' and 'Investment activities'. Under 'Payment activities', there are links for: New/amend prod payment, Payments out, **Crystallise pension benefits**, Change pension payments, Pension payments out, Review Natural Income, Add bank account, CappedToFlexiAccessDrawdown, and Merge flexi-access drawdown arrangements. Under 'Investment activities', there are links for: New investment transaction, Advanced orders, Move cash into Adviser mgmt, Move assets to new owner, Move assets into Disc Mgr, and Remove Disc Fund Manager. Below this, there is another navigation bar with: Dashboard, New Client, Existing Clients, Business Mgmt, Research, Model Portfolios, Literature, Help, and Admin. Below that is a search bar and a secondary navigation bar with: Summary, Portfolio, **New Work**, Cash Account, Account Holders, Transactions, Reports & Documents, Charges & Remunerations, Contacts, and IDV. Below the navigation bars, there is a section titled 'Important information' with sub-sections for 'Non-automated benefits' and 'Sharing orders'. The 'Sharing orders' section contains a paragraph of text and a checkbox with the label 'Please click to confirm you have read and understood the information provided above:'. Below the checkbox is a yellow button labeled 'Click to start process'. Four orange callout boxes with numbers 1, 2, 3, and 4 are overlaid on the screenshot. Callout 1 points to the 'Create' button. Callout 2 points to the 'Crystallise pension benefits' link. Callout 3 points to the checkbox. Callout 4 points to the 'Click to start process' button.

1. Login to Elevate and from your client's account navigate to; **New Work > Create**

2. Select **Crystallise Pension Benefits**.

3. Read the declaration.

4. **Click to start process.**

What you will need to do

1. Login to Elevate and from your client's account navigate to; **New Work > Create**
2. Select **Crystallise Pension Benefits**.

Notes

Before you start, you must ensure there is enough cash in the accumulation arrangement to cover the payment.

- 25% will be tax-free
- 75% will be taxable

To obtain an UFPLS illustration before selling investments, go to **New Work > Create** and select **Generate drawdown illustration**.

Step 1: Setup

What you will see

You can setup UFPLS payments as a full or partial amount from the uncrystallised arrangement.

The screenshot shows the 'Step 1 Setup' form. At the top, there is a progress bar with five steps: 1 Setup (highlighted), 2 Scheme 2, 3 Scheme 1, 4 Income Payment Strategy, and 5 Submit. Below the progress bar, there are three radio button options: 'PCLS and Flexi-Access Drawdown', 'PCLS and Capped Drawdown', and 'Uncrystallised Funds Pension Lump Sum'. The 'Uncrystallised Funds Pension Lump Sum' option is selected. Below these options, there is a section for 'Annuity Purchase' and a note about Discretionary Investment Model (DIM) assets. At the bottom, there is a table with the following data:

Scheme	Drawdown Pension Fund*	Uncrystallised Fund*	Value available to crystallise**	Available cash	Select value to crystallise	Full crystallisation	Crystallise first	Has advice been given?
Elevate PIA - Scheme 1	£ 80,160.65	£ 1,485.02	£ 1,485.02	£ 1,485.02	£ 0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Drawdown Pension Fund - The total value of existing Capped and Flexi-Access Drawdown arrangements.

Uncrystallised Funds - The value of pension holdings that have not yet been crystallised.

Value available to crystallised - The amount available to crystallise and does not include pending transfers, uncleared cash or unsettled orders.

Available cash - The cash that is currently available within the Scheme. This is required to pay UFPLS. It does not include any uncleared cash or unsettled orders.

What you will need to do

1. Select **Uncrystallised Fund Pension Lump Sum**.
2. Select **Yes** or **No** to confirm if your client has a pension drawdown or annuity that commenced before 06/04/2006.
3. In **Selected value to crystallise** enter the amount of UFPLS you want set or select **Full crystallisation**.
4. Confirm if advice has been given.
5. Click **Next**.
6. Read the declaration.

Tick the box to confirm you have read and understood the information provided.

Click to start process.

Notes

2. If the answer is **Yes**, you will be prompted to complete a Lifetime Allowance Details form (available from **Literature**) or contact Elevate.
3. There is no minimum limit to the amount of UFPLS that can be set.

If your client is taking both Scheme 1 and Scheme 2 benefits, tick the box to indicate which to crystallise first.

You can setup UFPLS from both Schemes in the same process.

Step 2: UFPLS Details Scheme 1

What you will see

1 Setup | **2 UFPLS Details Scheme 1** | 3 UFPLS Details Scheme 2 | 4 Validate and submit

Step 2 UFPLS Details Scheme 1 Exit without saving Save and exit Back Next

Scheme	Uncrystallised Fund	Value available to withdraw*	Available cash balance
Elevate PIA - Sch 1	£165,165.33	£165,163.79	£3,060.93
Elevate PIA - Sch 2	£20,043.77	£20,043.77	£369.32
Total	£185,209.10	£185,207.56	£3,430.25

* the value available to withdraw from uncrystallised funds does not include any pending transactions

Please indicate if advice was given on this process? Yes No

Please confirm if authority to proceed has been obtained from the client

1 Setup | **2 UFPLS Details Scheme 1** | 3 UFPLS Details Scheme 2 | 4 Validate and submit

Step 2 UFPLS Details Scheme 1 Exit without saving Save and exit Back Next

Scheme	Uncrystallised Fund	Value available to withdraw*	Available cash balance
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Total	£185,209.10	£185,207.56	£3,430.25

* the value available to withdraw from uncrystallised funds does not include any pending transactions

Please indicate if advice was given on this process? Yes No

Please confirm if authority to proceed has been obtained from the client

Protection Details

No protection details have been recorded against this scheme

Please confirm the protection details are correct and still apply to this scheme

Lifetime allowance information

Proposed lump sum amount	£3,000.00
Lifetime allowance previously used	0.00%
Lifetime allowance used by benefits that commenced prior to 6 April 2006	0.00%
Lifetime allowance used off platform not including transfers already made to the platform	0%
Available lifetime allowance	£1,250,000.00
Chargeable portion of uncrystallised funds pension lump sum/Lifetime allowance excess lump sum	£0.00
Tax-free element of uncrystallised funds pension lump sum	£750.00
Taxed element of uncrystallised funds pension lump sum	£2,250.00
Lifetime allowance the payment(s) will use	0.24%
Total lifetime allowance used	0.24%

Uncrystallised funds pension lump sum tax-free element

Amount of uncrystallised funds pension lump sum that will be tax-free	£750.00
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Uncrystallised funds pension lump sum taxed element

Amount of uncrystallised funds pension lump sum that will be taxed	£2,250.00
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What you will need to do

1. Tick to confirm if advice has been given.
2. Tick to confirm your client has granted authority to proceed.

Protection

3. Check the protection details and tick to confirm they're still correct.

Lifetime allowance information

4. If applicable, add the percentage of your clients lifetime allowance that has been used for any off-platform crystallisation events.

Notes

3. If the protection details are wrong, please contact Elevate before proceeding.

4. Do not include lifetime allowance already used by crystallised arrangements transferred to Elevate as these are already included in the calculation of remaining allowance.

Step 2: UFPLS Details Scheme 1 - continued

What you will see

Details of the lifetime allowance already used by your client and the remaining amount of personal allowance available to them is displayed.

The tax-free and taxable portion of the UFPLS is illustrated.

The percentage of lifetime allowance used by this crystallisation event and the new total lifetime allowance used is displayed.

Benefits in Excess of lifetime allowance			
Chargeable portion of uncrystallised funds pension lump sum/ Lifetime allowance excess lump sum	Gross excess benefits	Tax payable on excess benefits	Total net benefits
	£3,000.00	£1,650.00	£1,350.00
<small>The uncrystallised funds pension lump sum request will breach the individual's lifetime allowance. As the individual is aged under 75, the excess payment will be treated as a lifetime allowance excess lump sum taxable at 55%.</small>			
Lifetime allowance the payment(s) will use			0.24%
Total lifetime allowance used			100.24%

If benefits are in excess of the lifetime allowance, the chargeable portion of this crystallisation is displayed.

The screenshot shows the 'Payment Details' form with the following elements highlighted by numbered callouts:

- 5: Destination dropdown menu
- 6: Proportion of UFPLS tax-free element to pay to destination input field (0%)
- 7: Proportion of UFPLS taxed element to pay to destination input field (0%)
- 8: Next button

What you will need to do

Payment Details

5. Select a destination account for the UFPLS payment.
6. Specify the proportion of the tax-free element to be paid to the destination account.
7. Specify the proportion of the taxable element to be paid to the destination account.
8. Click **Next**.

Notes

5. The Elevate Cash Account or a bank account that has been verified for withdrawals will be available for selection.
6. Enter 100%
7. Enter 100%

Step 3: UFPLS Details Scheme 2

What you will see

Scheme	Uncrystallised Fund	Value available to withdraw*	Available cash balance
Elevate PIA - Sch 1	£1,485.02	£1,485.02	£1,485.02

* the value available to withdraw from uncrystallised funds does not include any pending transactions

Please note, you have not elected to take pension benefits from the Elevate PIA - Scheme 2 fund on behalf of your client, at this time.

What you will need to do

Repeat the steps for Scheme 2 if necessary.

Notes

Step 4: Validate and Submit

Name	Date Requested	Status
Uncrystallised Funds Pension Lump Sum Illustration (ID: 39871855)	25-Feb-15 1:41 pm	Complete

1. Correct any errors shown in **Validation Messages** by clicking back through the steps if required.
2. Read and acknowledge the **Declarations** as appropriate by ticking the boxes.
3. View and print the illustration generated by clicking **Complete**.
4. If all information has been entered correctly, click **Submit**.

3. Paperwork will also be stored in Reports & Documents for future reference.
4. Once the crystallisation has been authorised a Lifetime Allowance Certificate is generated (for clients under age 75) and will be sent to your client.
This will be stored and available to view in **Reports & Documents**.

Helpful hints

The tax-free and taxable portion of the UFPLS payment are paid by Direct Credit (BACS) and will be received by your client within 5 working days of the payment being authorised.

You are not able to request an adviser charge for setting up an UFPLS. If payment for advice is required, an Ad hoc Charge can be selected from available cash in the Elevate PIA or other product wrappers that your client holds (if your company has been configured to select such payments).

UFPLS is available when your client has reached normal minimum pension age and has lifetime allowance remaining.

For clients under age 75, any excess over the remaining lifetime allowance is paid as a lifetime allowance excess lump sum (taxed at 55%).

If your client has reached age 75 and has less lifetime allowance remaining than the value of the UFPLS, the tax free portion is restricted to 25% of the remaining allowance and the rest of the lump sum is taxed as pension income.

Taking an UFPLS will trigger the Money Purchase Annual Allowance (MPAA) rules. Any future pension contributions over the MPAA limit will incur an annual allowance charge from the day the payment completes.

The taxable portion of the UFPLS payment will be subject to income tax deducted through PAYE before it is paid to your client. The tax code applied is stipulated by HMRC and will depend on the client's circumstances and the information we have for them:

- If a client is not taking drawdown pension withdrawals and does not have a P45 for the current tax year, the 'Emergency Code Month 1' tax code will be used until we are provided with the correct code from HMRC.
- If the client is already taking pension withdrawals, we are able to apply the tax code we have in place.

Please be aware that if taxable one-off income payments are taken during the tax year, depending on your client's tax code they may not be taxed as you might normally expect. Regular income payments setup could also vary as a result of any one-off payments taken.

Your client may not qualify for UFPLS if they have primary or enhanced protection for a tax-free lump sum more than £375,000.

Clients with a lifetime allowance enhancement factor will not be able to take such payments if the portion of the lump sum allowance is less than 25% of the proposed UFPLS.

You can obtain an UFPLS illustration without starting a full **Crystallise pension benefits** wizard through **New Work > Create** and selecting **Generate drawdown illustration**. This can be done before you start selling investments to make the cash available.

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If there is anything more you want to know, please contact us.

Call us on 0345 600 2399

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