

Elevate

# Taking pension benefits through Capped Drawdown

For financial adviser use only.  
It should not be distributed to,  
or relied upon by, retail clients.

Standard Life 

If your client takes their pension benefits solely via Capped Drawdown, they can still pay up to the £40,000 annual allowance into their pension each tax year.

By moving additional funds into Capped Drawdown your client can access up to 25% as a tax-free lump sum, while the remaining amount can be taken as a combination of taxable income or lump sums within the GAD limit - or left invested.

Taking further benefits through Capped Drawdown is only possible if a Capped Drawdown arrangement was set up on Elevate before 5th April 2015. If money had not been put into Capped Drawdown on or before this date it is not possible to select Capped Drawdown.

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# How to designate additional funds to Capped Drawdown.

## What you will see

Designations to Capped Drawdown are only possible if an Elevate Capped Drawdown arrangement was set up on or before 5th April 2015. If money had not been put into Capped Drawdown before this date it is not possible to select Capped Drawdown.

The screenshot shows the Elevate system interface. At the top, there is a navigation bar with 'New Work' selected. Below it, a sub-menu shows 'Create' as the active option. The main content area is divided into several sections: 'Payment activities', 'Investment activities', 'Other activities', and 'Elevate Pension Investment Account (PIA) Illustrations'. A callout '1' points to the 'New Work > Create' menu. A callout '2' points to the 'Crystallise pension benefits' option under 'Payment activities'. A callout '3' points to a checkbox labeled 'Please click to confirm you have read and understood the information provided above:' and a 'Click to start process' button. A callout '4' points to the 'Click to start process' button.

## 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**
3. Read the **Important Information**. Tick the box to confirm you have read and understood the information provided.
4. Click to **start process**.

## Notes

Before you start, you will need to ensure there is enough cash held in the accumulation arrangement.

This is to cover;

- ▶ PCLS required
- ▶ Initial Adviser Charge
- ▶ Excess tax (when benefits crystallised exceed available lifetime allowance).
- ▶ Potential market movement during the process

If there is not enough available cash you will need to sell assets and wait for them to settle before you proceed.

# Step 1: Setup

## What you will see

Choose how your client takes their pension benefits.

**Step 1 Setup**

PCLS and Flexi-Access Drawdown  
 PCLS and Capped Drawdown  
 Uncrystallised Funds Pension Lump Sum

For the following requests, please contact the Elevate Customer Services team on 0845 600 2399.

Annuity Purchase  
 Serious Ill Health  
 Stand Alone Lump Sum

If you're using a Discretionary Investment Model (DIM), please note:

- DIM assets cannot be crystallised in the model, you'll first need to transfer or sell them out of the Model to become assets under your management. You can then crystallise these assets and re-invest the appropriate amount in a DIM model.
- The value of assets in a DIM are excluded from the Value available to crystallise and GAD Maximum in Crystallise pension benefits. The value of DIM assets are also excluded from the Drawdown sections of Illustrations produced in Crystallise pension benefits.

For further information, please see our DIM Model Crystallisation Help Guide in the Literature area. This guide is also available in the Help Centre.

Does your client have a pension, drawdown or annuity that commenced prior to 06/04/06 that you have not previously informed Elevate of?

Yes  No

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	£ 75,266.07	£ 1,481.48	£ 1,481.48	£ 1,481.48	£ 1350	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="radio"/> Yes <input type="radio"/> No

\* where applicable the quarter up valuation has been used for equities  
 \*\* the amount available to crystallise does not include any pending transactions or assets invested in Discretionary Investment Models.

**Drawdown Pension Fund** - 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 crystallise** - This is the amount available to be crystallised and does not include pending transactions, uncleared cash or unsettled orders.

**Available cash** - Cash that is currently available with the accumulation arrangement. This is required to pay PCLS and Initial Adviser Charge (Drawdown). The amount here excludes any uncleared cash or unsettled investment orders.

## What you will need to do

1. Tick the **PCLS and Capped Drawdown** box.
2. Select **Yes** or **No** to confirm if your client has a pension, drawdown or annuity that commenced before **06/04/2006**.
3. Either tick **Full crystallisation**, or **Select value to crystallise** (for Scheme 1 and /or Scheme 2).
4. Confirm if any advice has been given.
5. Click **Next**.
6. Read the **Important Information**. Tick the box to confirm you have read and understood the information provided and press **Click to start process**.

## Notes

2. If you answer **Yes**, you will be prompted to complete a **Lifetime Allowance Details Form**. This is available from **Literature** or you can contact Elevate
3. The minimum you can select for each Scheme is £1350.00. If the value remaining in the accumulation arrangement is less than this amount, select **Full crystallisation**. If your client is taking both Scheme 1 and Scheme 2 benefits, tick the box to indicate which to crystallise first. You can set up Capped Drawdown for both Schemes in the same process.

# Step 2: Scheme 1

## What you will see

Confirm the details of the crystallisation by setting the amount of PCLS and amount of taxable income.

Details of the lifetime allowance already used by your client and the remaining amount of allowance available to them is displayed. If benefits selected are in excess of your client's remaining lifetime allowance, the chargeable portion of this crystallisation is displayed.

	Gross excess benefits	Tax payable on excess benefits	Total net benefits
Lump Sum	0	0.00	0.00
Provide additional income	0	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

SIA proposer crystallisation net use 0.17%  
Total SIA used 100.17%

## 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.

### Remuneration

3. If an Initial Adviser Charge (Drawdown) is to be taken, input the amount as a percentage or £ amount.

### Protection Details

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

### Drawdown

5. If applicable, add the percentage of your client's lifetime allowance that has been used for any off-platform crystallisation events.

### Benefits in excess of lifetime allowance

6. If benefits are in excess of your client's lifetime allowance, you will need to select either;
  - 6a. The £ amount of excess to be taken as a lump sum, if your client is under age 75.
  - 6b. The £ amount of excess to be taken as income.

## Notes

3. This is a percentage or £ amount of the value being placed into drawdown - after PCLS has been calculated.

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

6. You only need to complete this section if selected benefits will take your client over the lifetime allowance.
  - 6a. The lifetime allowance charge for excess benefits taken as a lump sum is 55%.
  - 6b. The lifetime allowance charge for excess taken as income is 25% (and then taxed at your client's marginal rate for each income payment).

## Step 2: Scheme 1 (continued)

### What you will see

**Pension Commencement Lump Sum (PCLS)**

Current PCLS entitlement £7,500.00

Available cash after deduction of lump sum and excess tax £198,156.71

Select value of PCLS to take  **7a**

Please confirm that you wish to take less than PCLS entitlement and are aware that this choice cannot be revisited once the DCF has been authorised.  **7b**

PCLS lump sum payment £0.00

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**Drawdown**

Net fund movement to drawdown £30,000.00

Select assets to move into drawdown

Investment	Available Units	Market Value*	Value
Cash	£198,156.71	<input type="text" value="0"/>	<input type="text" value="0"/>
M&G Corporate Bond A Acc GBP	258,179.3450	£150,879.65	<input type="text" value="0"/>
AXA Framlington UK Sel Opps R Acc	5,218.9130	£153,644.80	<input type="text" value="0"/>
<b>£501,881.16</b>		<b>£0.00</b>	

**8**

If the assets you have chosen do not meet the required drawdown value Elevate will meet the shortfall with cash from your PIA account.  
\* where applicable the quarter up valuation has been used for equities

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**Drawdown**

Proposed designation £30,000.00

Current pension year income

GAD Maximum £1,836.00

Annual income required £  or  %

The **Net fund movement to Drawdown** is the amount selected to move into drawdown less any PCLS and, where applicable, any lifetime allowance excess lump sum and any tax on the excess.

### What you will need to do

#### Pension Commencement Lump Sum

- 7a. Enter the amount of PCLS your client wants to take. Tick to select **maximum available** or enter a **lower amount**.
- 7b. If you have selected a **lower amount**, tick to confirm your choice.

#### Movement to Capped Drawdown

8. Select the assets to move into drawdown. If you are doing a partial crystallisation, enter the £ amount of uncrystallised assets, cash or a combination of both to be moved into Capped Drawdown. You do not need to complete this step if you are doing a full crystallisation.

### Notes

- 7a. The current PCLS entitlement is the lower of 25% or remaining personal allowance. You cannot select an amount higher than the **Current PCLS entitlement** or the amount of **Available cash** in the arrangement. If your client has a protected PCLS, a value up to the protected PCLS can be selected.
- 7b. Your choice cannot be amended once the crystallisation has been authorised.
8. The total value of the assets you select must equal the **Net fund movement to Drawdown**.

## Step 2: Scheme 1 (continued)

### What you will see

Drawdown	
Existing drawdown fund - proposed designation	£28,457.10 = £71,517.06 = £100,074.76
Current pension year income	
Revised CAD Maximum	£6,244.66
Income taken to date in current pension year	£0.00
Maximum gross income remaining in the current pension year	£6,244.66
Pension year end date	26/05/2014
Current regular income amount	£0.00
Revised annual income level required for the remainder of the current pension year:	£ <input type="text"/> <span style="float: right;">9</span>
Future pension year income	
Revised CAD Maximum	£6,244.66
Elected income previously set up	£0.00
Revised annual future pension year income required:	£ <input type="text"/> or <input type="text"/> % <span style="float: right;">10</span>
Payment Details	
Destination Account	01234567-010101 <span style="float: right;">11</span>
Payment Frequency	Monthly <span style="float: right;">12</span>
Next Payment Date	04/03/2014 <small>Must be a minimum of 10 working days in the future</small> <span style="float: right;">13</span>
Summary	
<p>You have elected to take:</p> <p>PCLS amount of GBP 0.00</p> <p>Current pension year</p> <p>Annual income of GBP Paid in payments of GBP Starting on: You have not elected to take an income from this scheme. Future payments have been set to 0. Previously elected income payments will not commence.</p> <p>You have not elected to take an income from this scheme.</p> <p><small>Note: there may be a small difference between required and actual income due to rounding according to payment frequency.</small></p> <p style="text-align: right;"><span>Exit without saving</span> <span>Save and exit</span> <span>Back</span> <span>Next</span> <span style="float: right;">14</span></p>	

The total amount and the value of individual payments for the current and future pension years are displayed.

### What you will need to do

#### Income to take from Capped Drawdown

- Enter the amount of regular income that the client wishes to take for the remaining pension year as a £ amount.
- Select the amount of regular income to take in future, full, pension years. Enter either a £ amount or a percentage of GAD Maximum.

#### Payment Details

- Select the destination account for the PCLS and income payments.
- Set the **Payment Frequency**.
- Choose the **Next Payment Date**.
- Check the summary at the bottom of the page and click **Next**.

### Notes

- If no regular income is required, select zero.
- You will need to do this even where the income has been set to zero.
- The first payment date must be a minimum of 10 working days in the future.
- If you have other regular income set up from the Elevate PIA ensure the date you select here is the same as existing income (even if you select no regular income as part of this process). Any existing regular income from the Elevate PIA is automatically aligned to the most recent payment date selected (including the default date displayed here).

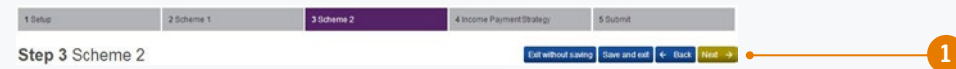
### Setting up and amending regular income

- The **Next Payment Date** you set is the date that the regular income payment is cleared in your client's bank account (or Elevate Cash Account). Subsequent payments are made on the following payment dates on the frequency you have chosen.
  - Available product wrapper cash is not required to pay regular income. The Income Payment Strategy (Step 4.) is set up to ensure cash is available for each income payment.
  - 'Additional withdrawals' (a separate taxable one-off payment that can be set up through Flexi-Access Drawdown) is not available for Capped Drawdown.
- Alternatively you can set no regular income to be taken. If you wish to set up regular income at a later date, amend the existing level of income set, or if you wish to set up any taxable one-off income payments from the Capped Drawdown arrangement, this can be done via **New Work > Change Pension Payments**.
  - Please refer to the Changing Regular Pension Income & Taking One-off Payments Help Guide.

## Step 3: Scheme 2

### What you will see

Repeat the steps for Scheme 2 if necessary.



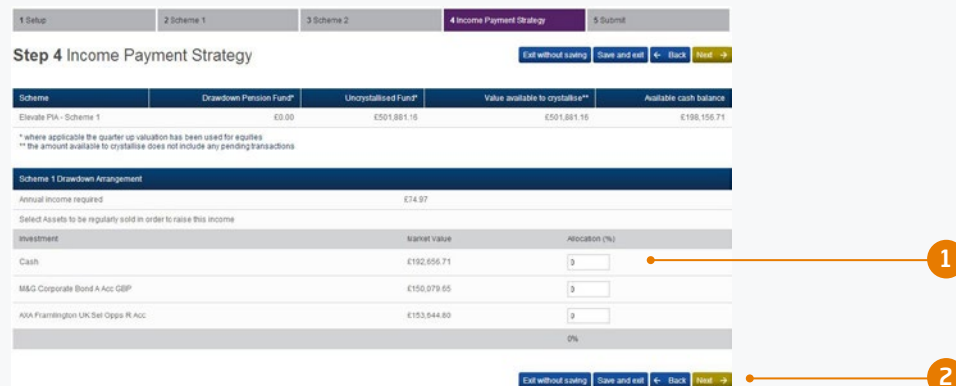
### What you will need to do

1. If you didn't select Scheme 2, click **Next** to go to step 4.

### Notes

## Step 4: Income payment strategy

Set up which investments will be sold in order to fund the regular income payments.



The amount of income required and a list of the assets in the Capped Drawdown arrangement (including the assets selected in this process) are displayed.

1. Add a percentage against the chosen investments or select cash.
2. Click **Next**.

1. This must total 100% even if no income is being taken. If you select cash you must make sure cash is available before each payment date or automatic disinvestment will be triggered.



# Step 5: Validate and Submit

## What you will see

1 Setup 2 Scheme 1 3 Scheme 2 4 Income Payment Strategy 5 Submit

Step 5 Submit [Exit without saving](#) [Save and exit](#) [Back](#)

**Validation Messages**

The value of assets to move to Drawdown Pension for Scheme 1 must equal the net fund movement to drawdown.

Scheme	Drawdown Pension Fund	Uncrystallised Fund	Value available to crystallise*	Available cash balance
Elevate PIA - Scheme 1	£0.00	£501,981.16	£501,981.16	£198,156.71

I understand that any adviser charge(s) facilitated by Elevate must relate solely to advice given to the client in relation to their membership of the Elevate PIA and confirm that all such requests for payment agreed with the client will be on this basis

I have agreed with my client the charges for the provision of advice or other services and I confirm that the selections I have entered reflect what I have agreed with my client. Where my charges will be payable by my client over a period of time, I confirm that:

- the charge is for the provision of an ongoing service, or
- the charge relates to a regular premium contract

Produce Sign Up Documents

**Client documents**

Name	Date Requested	Status	Include	Consolidate
Benefit Crystallisation Illustration (ID: 54177069)	16-May-16 1:52 pm	Complete	Required	<input type="checkbox"/>
Charges Information (ID: 54177069)	16-May-16 1:52 pm	Complete	Required	<input type="checkbox"/>

To consolidate the above client specific documentation into one printable version please select each of the documents required once they have completed and then generate a consolidated version by clicking the following button.

[Consolidate documents](#)

**Adviser documents**

Name	Date Requested	Status
------	----------------	--------

[Submit](#)

1

2

3

4

## What you will need to do

1. Correct any errors shown in **Validation Messages** by clicking back through the steps.
2. Read and acknowledge the **Declarations**.
3. View and print the **Benefits Crystallisation Illustration** and **Charges Information** document generated by clicking **Complete**.
4. If all information has been entered correctly, click **Submit**.

## Notes

1. You can print the Benefits Crystallisation Illustration and Charges Information document for your clients.
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 (if your client is under age 75) and will be sent to your client. This will be stored and available to view in **Reports & Documents**.

# Helpful hints

You can only make additional designations to Capped Drawdown if an Elevate Capped Drawdown arrangement was set up on or before 5th April 2015. If money had not been put into Capped Drawdown before this date it is not possible to select Capped Drawdown.

Arrangements that have been transferred in from other providers (before or after 5th April 2015) that are in Capped Drawdown may continue on this basis, however it will not be possible to designate additional funds to these arrangements.

We recommend 27% - 30% of the value being placed into drawdown is held as product wrapper cash in your client's accumulation arrangement. This is required to fund the 25% PCLS payment, Initial Adviser Charge (Drawdown), lifetime allowance charge (if applicable) and an allowance for market fluctuation. If there is not enough available cash in the accumulation arrangement, you will need to sell investments and wait for them to settle before commencing this process.

If you're planning to crystallise transfer in cases immediately, we recommend you invest the transfer 100% to product wrapper cash. This will enable you to process the crystallisation when the transfer has been received, rather than waiting for any trades to settle.

Initial Adviser Charge (Drawdown) is calculated on the net money moved into drawdown after PCLS has been calculated.

Crystallisation requires authorisation from Elevate. Until this authorisation is made the process will remain located in **New Work > Work In Progress**. The authorisation will be granted within 24 hours and we will contact you if authorisation cannot be granted for any reason.

Authorisation may be delayed if:

- ▶ the first income payment date is not 10 days in the future
- ▶ the bank account is not your client's and has not been verified for withdrawals
- ▶ there are inflight deals which affect the movement to drawdown.

If the PCLS request is submitted by midday, payment will normally be made to your client on the same day (by CHAPS). If not, the payment will be made the following working day.

Taxable income is paid by Direct Credit (BACS). The payment date you select is the date that your client will receive the payment.

Should a regular income payment fall on a non-business day, your client will receive payment on the last business day before this date.

If there are more than one regular income types (i.e. income from other Capped or Flexi-Access drawdown arrangements held by the client), you should ensure the payment date and frequency for each regular payment instruction are the same. If not, then any existing regular payment will be automatically aligned to the payment date keyed in the most recently submitted instruction - meaning your client may not receive existing payments on the date they expect.

Even if no income is selected, you should still ensure that the payment date is entered and is the same date (using the current or following month) as any existing regular income from the PIA. If you do not, the payment date for all existing income will be amended to the date displayed in the latest benefit crystallisation wizard you have submitted.

Your clients next available payment date will automatically populate, but you can also check existing payment dates on the client's **Summary** page or via **Transactions > Deposits /Withdrawals** or by looking at **New Work > Change pension payments** before you start a new process.

If your client continues taking their pension benefits solely via Capped Drawdown, they can still pay up to the £40,000 annual allowance into their pension each tax year.

The maximum amount of taxable income permitted (taken as either one-off or regular income) in a pension year is determined by limits set by HMRC using Government Actuary's Department (GAD) annuity tables.

- ▶ The upper income limit is reviewed every three years for those under 75.
- ▶ The upper income limit is reviewed every year for those over 75.

For any taxable income selected the 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 your client's circumstances and the information we have for them:

- ▶ If a client is not already 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.

Capped Drawdown arrangements can be converted to Flexi-Access Drawdown at any time free of charge. However this will trigger the Money Purchase Annual Allowance rules - any future contributions into the Elevate PIA (or other money purchase arrangements) over this limit will incur an annual allowance charge once taxable income is taken from Flexi-Access Drawdown.

## Get to know us better

**We hope you've got a good insight into our platform and the potential benefits it can bring to you and your firm.**

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

### **Call us on 0345 600 2399**

Our lines are open 8am to 6pm, Monday to Friday. As part of our commitment to quality service and security, telephone calls may be recorded.

### **Email us at [Elevate\\_Enquiries@standardlife.com](mailto:Elevate_Enquiries@standardlife.com)**

Please be aware that emails are not secure as they can be intercepted, so think carefully before sharing personal or confidential information in this way.

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### **Address**

Elevate, PO Box 6877, Basingstoke, RG24 4RT

# **[elevateplatform.co.uk](https://elevateplatform.co.uk)**

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