

## What is Income Drawdown?

### Overview

Income drawdown has become far more prevalent since pension freedom was introduced in 2015. It is a way of taking money out of your pension to live on in retirement. You have to be aged 55 or over and have a defined contribution pension such as a SIPP or certain more modern personal pension plans to access your money in this way.

With income drawdown, you keep your pension savings invested when you reach retirement and take money out of, or 'draw-down' from, your pension pot if you wish to do so. Access to your fund is entirely flexible and you can leave all or part of the remaining fund after taking a withdrawal invested if you wish.

So whilst referred to as "Income Drawdown", it is not a requirement to draw income.

Often your fund will be invested in the stock market, so there is a risk that your fund may fall in value. The upside is that investment growth can provide higher returns and see your pot continue to increase in value.

So, income drawdown is worth considering if –

- You want your money to continue to be invested
- You want the flexibility to take sums out as and when you want
- You want to take out different amounts each month or year
- You want to manage your annual tax liability

### However,

Income drawdown may not be your best option if-

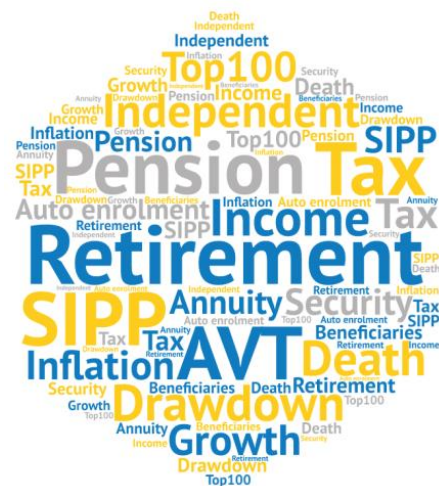
- You want a guaranteed level of income each year
- You are worried that you might run out of money

- You don't want to be exposed to undue investment risk in your retirement.
- You want to avoid slightly higher management charges.

### In conclusion

Pensions are increasingly complex and experienced, independent advice is vital.

Call us for an informal chat over a cup of coffee to see how we can help you make the right decisions.



Please contact us

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