

Retirement in no uncertain terms

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From gibberish to plain English

Retirement jargon can be confusing. In fact it can feel like you need a degree in pensions language just to understand what it all means.

That's not a good position to be in when you need to make important decisions about your retirement. That's why we've put together this handy guide that translates the terms that can appear gibberish into plain English, so you can feel confident about your retirement choices.



Click on the gibberish to
read the plain English

Auto-Enrolment Scheme.
Defined Benefit Scheme.
Defined Contribution Scheme.
Drawdown. Annuity. Trivial
Commutation. Uncrystallised
Funds Pension Lump Sum.
Pension Commencement Lump Sum.
Lifetime Allowance. Money Purchase
Annual Allowance. Basic State
Pension. New State Pension.
Salary Sacrifice. Lifestyle Fund.

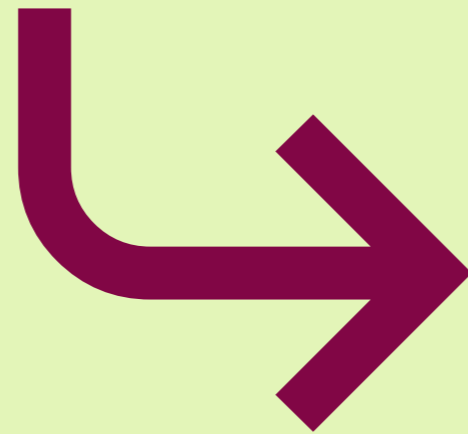
Chapter 1:

Types of pension



From gibberish

Auto-Enrolment Scheme

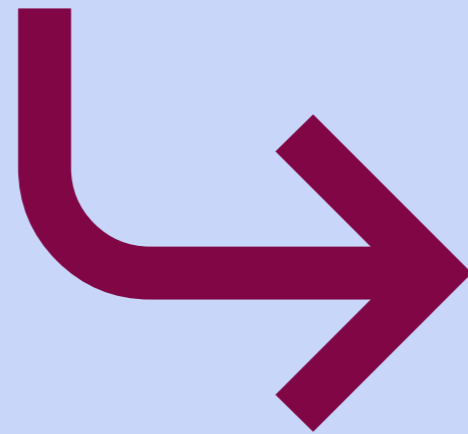


to plain English

The government's way of making sure you save for your retirement by requiring employers to automatically enrol their eligible employees into a pension.

From gibberish

Defined Benefit (DB) Scheme

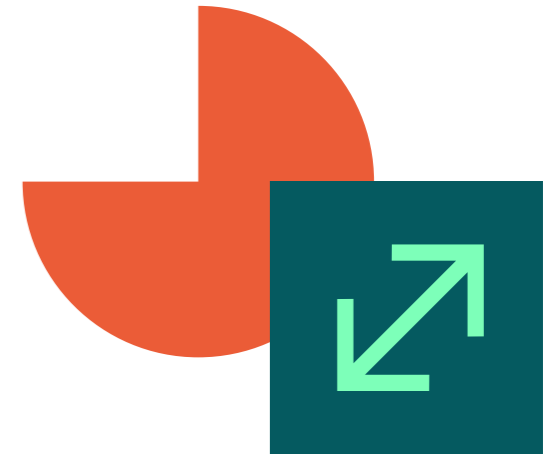
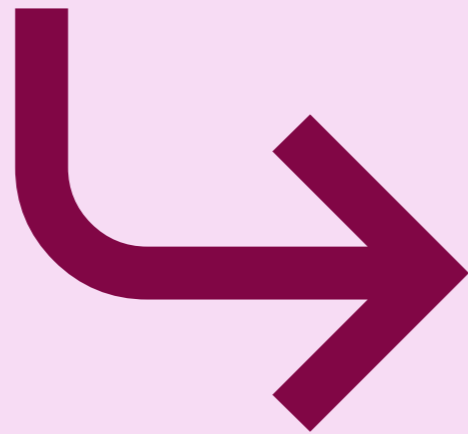


to plain English

A pension plan where your retirement income is calculated based on your salary and years of service.

From gibberish

Defined Contribution (DC) Scheme



to plain English

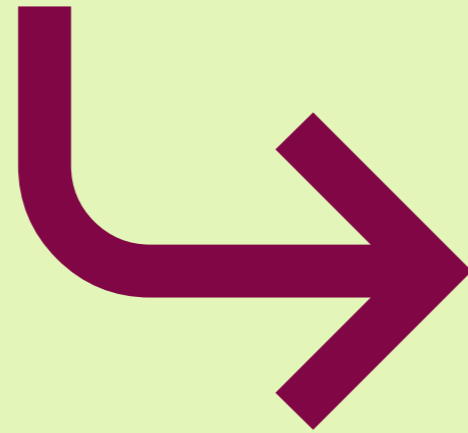
A pension plan where the size of your pot depends on how much you and your employer have paid in, plus how the funds you're invested in have performed.

Chapter 2: Ways to take your money



From gibberish

Drawdown

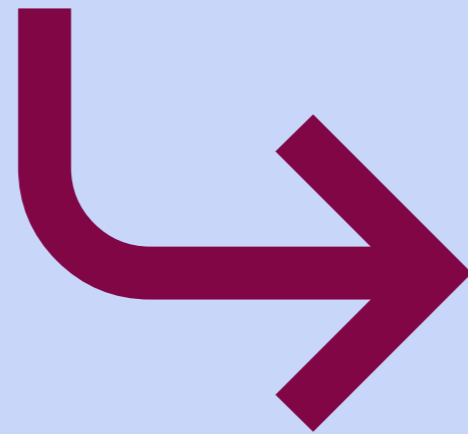


to plain English

A flexible way to take your pension income. You can withdraw your money whenever you need to.

From gibberish

Annuity



to plain English

You can use your pension to buy an annuity, which guarantees to pay you a regular income for the rest of your life.

From gibberish

Trivial Commutation

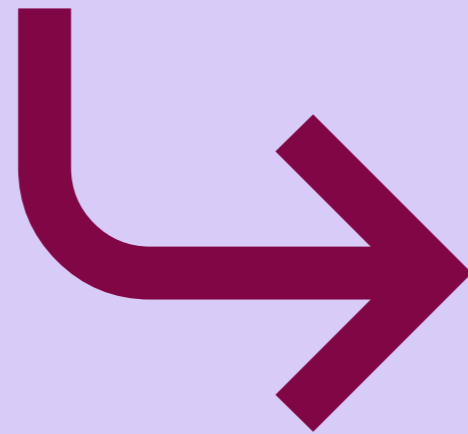


to plain English

It's an option to take all your pensions in one single payment, if the total of them all is less than £30,000. Typically the first 25% is tax-free and the rest is taxed as income.

From gibberish

Uncrystallised Funds Pension Lump Sum (UFPLS)

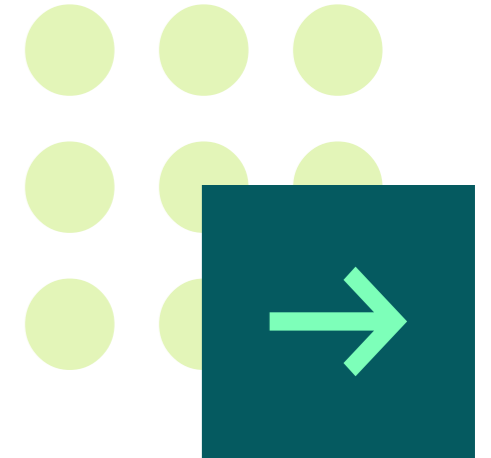


to plain English

Another way to withdraw money as and when you need. But in most cases each amount you withdraw you'll get 25% tax-free and the rest is taxed at the same time.

From gibberish

Pension Commencement Lump Sum (PCLS)



to plain English

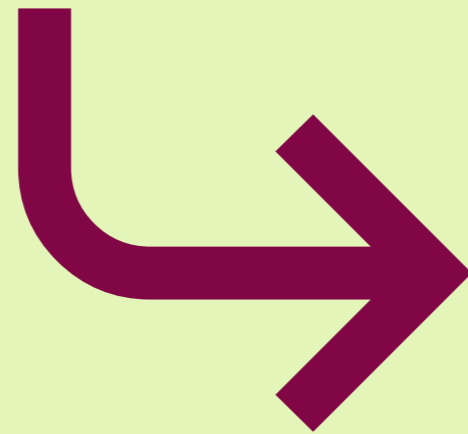
A tax-free amount you can take (usually 25%)
when taking money from your pension.

Chapter 3: Allowances



From gibberish

Lifetime Allowance (LTA)



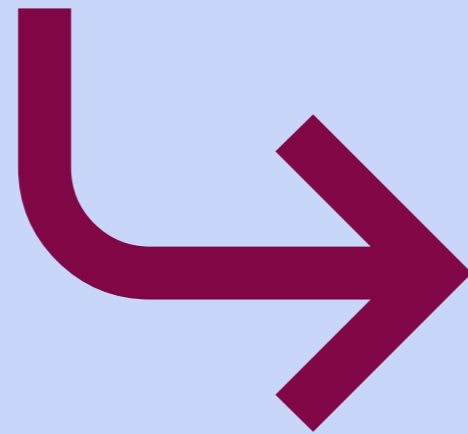
to plain English

The maximum amount you can save in your pension without incurring additional tax charges.

It only applies if you took money out your pension before 6 April 2024.

From gibberish

Money Purchase Annual Allowance (MPAA)



to plain English

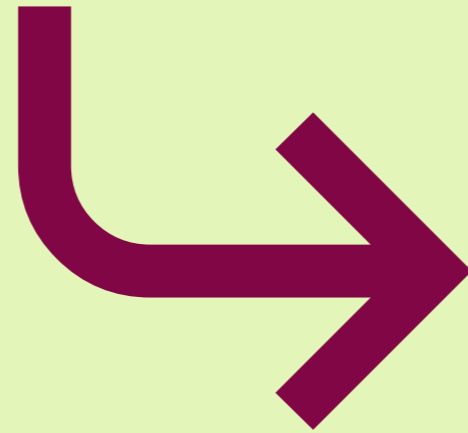
The reduced amount you can contribute to your pension each year once you have taken money from it.

Chapter 4: Other (un)popular terms



From gibberish

Basic State Pension

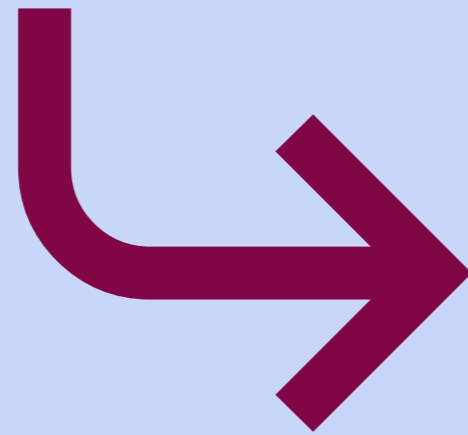


to plain English

This is for those who reached State Pension age prior to 6 April 2016 and is a regular payment from the government to those who qualify.

From gibberish

New State Pension



to plain English

This is for those who reached State Pension age after 6 April 2016 and is a regular payment from the government to those who qualify.

From gibberish

Salary Sacrifice

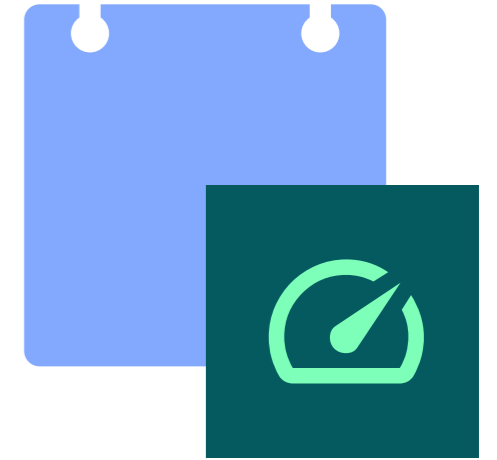
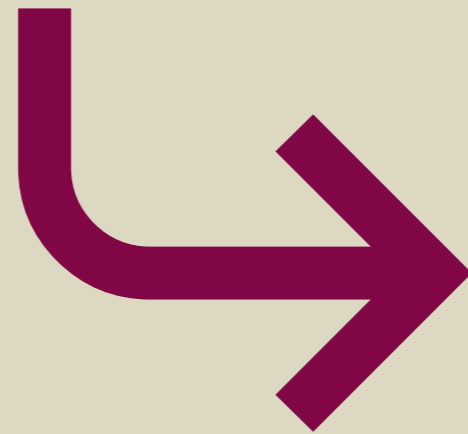


to plain English

An arrangement where you give up part of your salary in exchange for pension contributions from your employer, which can also provide tax benefits.

From gibberish

Lifestyle Fund



to plain English

An investment option for your pension that automatically adjusts where it's invested as you approach retirement. This is normally to take less risk as you get close to the point of taking your money.

From confusion

Hopefully some of these strange terms now make a bit more sense. However, there are still a number of decisions you need to make as you approach retirement and it's not always obvious what the right choice is.

Our financial advisers can help. They'll explain the pros and cons of all the options you're faced with (in plain English) and recommend a solution that's right for you.

Why not take the first step towards pension clarity and talk to us today?



Simply **click** to book in a no-obligation chat with one of our expert advisers.

to clarity

We've mentioned some tax rules in this brochure, it's important to note that they can change and the impact of taxation and any tax relief depends on your circumstances, including where you live.



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