

Income Drawdown

Income Drawdown (also called Alternatively Secured Income) is an alternative to buying an annuity at retirement. Annuities are very inflexible and they usually provide a fixed level of income and have no or very limited death benefits.

Income Drawdown allows you to draw income from an actively managed invested fund, allowing you to benefit from future fund growth, however, Income Drawdown does come with some risks. You could suffer a fall in your fund value in adverse market conditions, which could adversely affect your income. Your capacity for loss is therefore important and it is recommended you take good advice.

A Drawdown arrangement also has the following benefits:

- Flexibility to be able to take maximum Tax-Free Cash and an income ranging from zero to a pre agreed maximum. Your pension fund remains fully invested, allowing you to benefit from future growth (if markets under-perform you could see a fall in the value of your fund too).
- Maximum income is approximately 50% higher than an Annuity
- Income may be varied between zero and the maximum at any time
- Death benefits are available via a Drawdown
- 100% spouse provision is also built in
- Maximum income is reassessed every three years, and with increasing age this can mean a gradually rising income, in effect inflation proofing your income.

As Annuities remain a very inflexible way of drawing an income in retirement, Income Drawdown provides a very real alternative for many clients.