

Your pension pot options at a glance

Use this guide as a handy reminder of the options available and the key things to think about. Remember, you can mix your options.

Considerations	Guaranteed income (annuity)	Flexi-access drawdown	Take small cash sums	Take whole pot as cash
How much tax-free cash can I get?	Up to 25% of pot ¹	Up to 25% of pot ¹	25% of each withdrawal	25% of pot
Does this provide a regular income?	Yes	Yes ²	No	No
Is this income guaranteed for life?	Yes	No ³	No	No
Do I need to review my pension pot regularly?	No	Yes	Yes	N/A
Could my money run out later in retirement?	No	Yes	Yes	Yes
Does this pay higher income for medical conditions?	Yes	No	N/A	N/A
Can I change my mind and use my pot differently?	No ⁴	Yes	Yes ⁵	No
Will my tax rate go up when I access my pot?	Unlikely as you plan your income in advance	Unlikely as you plan your income in advance	Depends on the size of your cash withdrawals	Highly likely
Is tax relief on my pension savings affected?	No ⁶	Yes ⁷	Yes ⁷	Yes ⁷

Notes

- 1 Applies to the amount allocated for this product – ie, whether you use all or part of your pension pot. Either way, you only get one chance to take your tax-free lump sum – eg if you choose not to take tax-free cash when going into income drawdown, you can't take tax-free cash later if using those same funds to buy an annuity.
- 2 Flexi-access drawdown allows you to take income at times to suit you, although most people will use it to take a regular income.
- 3 Some providers may offer 'specialist' income drawdown products that also guarantee a minimum income for life.
- 4 The Government has announced changes due to come into force from April 2016, that will allow you to sell your annuity for a cash lump sum on which you will pay Income Tax at your highest rate.
- 5 The part of your pension pot that you've not yet cashed in continues to grow tax free and can be used to buy any retirement income product.
- 6 Your annual allowance is not affected (and remains the full annual allowance of £40,000) unless you take out a flexible annuity, in which case your allowance reduces to £10,000 a year. See the [Tax relief on pension contributions guide](#) for full details.
- 7 Your annual allowance reduces to £10,000 a year, see the [Tax relief on pension contributions guide](#) for full details.