



Flexi-access drawdown

Video transcript

Flexi-access drawdown – sometimes just called drawdown – is a product that provides a flexible retirement income.

It's a way of taking money out of a DC pot, like the Investment Builder, to live on in later life and it gives you control over how and when you take your savings.

We don't provide drawdown in USS, so if you want to use this option, you'll need to transfer your whole Investment Builder pot to an arrangement that does.

With drawdown you can usually take up to 25 per cent of your pot as a tax-free lump sum up front, while the rest remains invested. Then, you can decide whether you want a regular income, or to take different amounts as and when you need them.

While it's invested, the value of your invested pot can go down as well as up, which means the amount available to take as income isn't guaranteed and you'll need to manage your investments to make sure you have enough to live on for the rest of your life.

Your new arrangement may also give you the option of gradually moving your pot into drawdown. This is often called partial or phased drawdown, and just means that you can move less than your whole pot into drawdown.

You can take up to 25% of each amount you move as a tax-free lump sum, and the rest remains invested as a drawdown income fund from which you can take a regular income, or different income amounts as and when you need them.

Taking drawdown as income triggers the Money Purchase Annual Allowance, but just taking the tax-free lump sum does not. Visit the tax pages of our website for more information on the Money Purchase Annual Allowance.

If you transfer-out of USS, you may also pay management fees in other pension schemes, and pay charges for further advice to either access your pot or if you want to transfer it in the future. So, it's important to look at all fees that may apply and make sure you understand them before you transfer-out.