

Glossary of Pensions Terminology used within SALVUS Retirement Bridge

Actuary – a professional adviser on financial questions involving probabilities relating to mortality and other contingencies.

Additional Voluntary Contributions – contributions over and above a member's normal contributions which the member elects to pay an occupational pension scheme in order to secure additional benefits.

Administrator – a person or body responsible for the day to day management of a pension scheme. For Salvus this is HS Administrative Services Ltd. The schemes Trustees are the formal administrator for tax and governance purposes.

Annual Allowance – the maximum amount of tax-relievable pensions that can be built up in one tax year. This is expressed as a capital value and the amount is currently £40,000 a year. Any excess is subject to the annual allowance charge. The annual allowance for higher earners (broadly those with total taxable income, plus employer and employee pension contributions, above £150,000 per annum) will be reduced to between £10,000 and £40,000, depending on income. Unused annual allowance from the previous three tax years can be carried forward in the calculation of the tax due.

Annual Allowance Charge – the tax charge that is levied on an individual who exceeds the annual allowance.

Annual Allowance Money Purchase - The money purchase annual allowance in 2016/17 is £10,000. This annual allowance figure is triggered when an individual flexibly accesses their defined contribution pension savings and it is the maximum amount they can then save into any registered defined contribution arrangement(s). Unused money purchase annual allowance cannot be carried forward.

Annuity – A regular income (in exchange for your retirement fund) usually payable monthly for life. The annuity or part (usually 50% can be passed to your husband/wife in the event of your death if selected at outset. The annuity will attain no cash-in value.

Defined Benefit Scheme – a scheme where benefits are linked through a formula to the members' earnings and/or length of pensionable employment.

Defined Contribution – the provision of an individual member benefit by reference to contributions paid into a pension scheme by or in respect of that member, usually increased by the investment return on those contributions.

Defined Contribution Scheme – a scheme providing benefits on defined contribution basis.

Drawbridge – A product offered by Salvus Retirement Bridge which allows members to take their tax free cash entitlement and draw a regular monthly income from commencement without committing to purchase an annuity.

Flexi-access drawdown – this the new form of income drawdown which allows individuals to take taxable income from their pension fund with no upper limit. See Drawbridge, Flexi Bridge and suspension Bridge.

Flexi Bridge - A product offered by Salvus Retirement Bridge which allows members to take their tax free cash entitlement and self select a regular monthly income from commencement at their choosing. Warnings are given on Flexi Bridge due to the fact that if too much income is taken the Flexi Bridge retirement fund could reduce to £0.

Impaired Annuity - A regular income (in exchange for your retirement fund) usually payable monthly for life. Usually medically underwritten, an impaired annuity will potentially provide a higher income than a standard traditional annuity. The annuity or part (usually 50% can be passed to your husband/wife in the vent of your death if selected at outset. The annuity will attain no cash-in value.

Investment Manager – an individual or body to which the investment of the whole or part of the assets of the scheme is delegated by the trustees.

Investment Strategy – the strategy regarding the types and proportions of assets in which an investment portfolio is to be invested.

Member – a person who has been admitted to membership of a pension scheme and is entitled to benefit under the scheme.

Normal Pension Age (NPA) – the age at which a member can receive full pension benefits. For money purchase schemes this will usually be between age 55 to 75.

Suspension Bridge - A product offered by Salvus Retirement Bridge which allows members to take their tax free cash entitlement and defer drawing a regular monthly income from commencement.

Tax-free Lump Sum (also called a Pension Commencement Lump Sum) - a lump sum paid to a member (who is under age 75) by a registered pension scheme when their pension comes into payment.

Trustee – an individual or company appointed to carry out the purposes of a trust in accordance with the provisions of the trust instrument and general principles of trust law.

Uncrystallised Funds Pension Lump Sums (UFPLS) – a new authorised payment (or series of payments) which can be paid from uncrystallised money purchase funds.

Some definitions above have been reproduced directly from 'Pensions Terminology – A Glossary for Pension Schemes' as published by the Pensions Management Institute.