PML GROUP
Pensions Management
& Financial Services

Welcome to Bulletin 102 | June/July 2019

After You've Gone...

No, not the song recorded by everyone from Sophie Tucker to Phil Collins (and for a real treat, YouTube Stephanie Trick playing it in 2013) but the much more mundane matter of the destination of your SSAS Member Account... after you've gone!

The destination, structure and taxation of residual cash and pension benefits existing within the Account of a SSAS member after death went through countless legislative changes over the years, up until Pension Freedom swept in on 6th April 2015. Since then, the rules have remained blissfully unchanged - with the assets of the member's fund remaining outside the deceased member's estate for Inheritance Tax purposes.

In the four years that have elapsed since the Pension Freedom revolution, the appeal and adoption of Drawdown (as opposed to annuitisation) has been so widespread that we think it timely to revisit the inheritability of a Member Account after death.

To do this, we've adopted a flowchart in 'Infographic' format as a Guidesheet for your retention. Click here to view it and download it.

Everything the Guidesheet describes relates solely to a Member Account that's either destined for, or actively delivering Drawdown. The annuity purchase option will always remain available - but for many SSAS members, the exchange of some or all of their Member Account, for the certainty of an annuity's lifetime income, just doesn't sufficiently appeal – when set against the flexibility, continued fund investment and potential Member Account inheritability, of a member's residual fund.

The potential for SSAS members to annuitise their Member Account, rather than take the Drawdown route, hasn't gone away. There will always be individual circumstances where a lifetime income guarantee – albeit with the absence of post-death inheritable benefits, will carry greater importance than the advantages of Drawdown. So, for those that might choose the annuity route, separate explanatory notes will be given in the next Bulletin.

For all Drawdown members, the old pre-2015 dividing lines of 'crystallised' and 'uncrystallised' funds within a Member Account (denoting proportions of the fund that have delivered Cash Lump Sums and drawdown pension, 'crystallised' - and those 'uncrystallised' funds which have yet to deliver either cash or pension) no longer have relevance to any death benefit settlement. The only dividing line now applying is the member's age at date of death, i.e. did the member's death occur prior to the member's 75th birthday or not?

Although our Guidesheet provides both information and answers – it also raises many questions. Some of these are addressed in explanatory text – others will be addressed in subsequent bulletins.

Contact us with any questions.

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June 2019

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