MACMILLAN CANCER SUPPORT

FINANCIAL GUIDANCE SERIES: PENSIONS

MACMILLAN CANCER SUPPORT

Amendment to page 24

The last line on page 24 should read:
‘You should also speak to an independent pensions adviser before you decide.’

Please note that our Macmillan financial guides cannot give advice about pensions. They can only provide information and guidance. If you are thinking about taking ill-health early retirement, you should speak to an independent pensions adviser.

MAC14284_E06_N_Erratum

About this booklet

It can be worth thinking about your pension options when you have cancer.

There are lots of reasons why you may want to think about pensions. These are some examples:

- You may be able to access your pension early, or in a different way.
- If you need to stop working for a while because of cancer, you may want to know how it would affect your pension.
- It can be helpful to find out how your loved ones could benefit from your pension if you die.

This booklet aims to answer some of the questions people with cancer have about pensions. It has information about:

- how pensions work
- stopping work or changing your pension
- accessing your pension
- how your pension could be passed on.

The information about benefits and taxes applies from April 2018 to April 2019.

Quotes

Throughout this booklet, we have included quotes from people affected by cancer. Some are from our Online Community (**macmillan.org.uk/community**). The others are from people who have chosen to share their story with us. To share your experience, visit **macmillan.org.uk/shareyourstory** We have also included quotes from one of Macmillan's financial guides.

Using the glossary

Some of the words used to talk about pensions can be confusing. In this booklet, these words are **in bold** once on each page where they are used. We have explained these words in the glossary on pages 50 to 57.

Financial help from Macmillan

You can call the Macmillan Support Line on **0808 808 00 00**. We have financial specialists who can help you deal with money worries:

- Our financial guides can give you guidance on your personal finances, such as pensions, insurance, mortgages and estate planning.
- Our welfare rights advisers can help you apply for benefits and other financial support.
- Our energy advisers can help you try to reduce your heating and electricity costs.

We can also give you information about Macmillan Grants (see page 64). If you are worried about debt, we can refer you to our charity partner StepChange Debt Charity for advice.

The Macmillan Support Line is open 7 days a week, 8am to 8pm. Our financial guides are available from Monday to Friday, 8am to 6pm.

If you are hard of hearing, you can use textphone **0808 808 0121**, or Text Relay. If you would prefer to speak to us in another language, interpreters are available.

Face-to-face support

You may also be able to meet a Macmillan welfare rights adviser in person. Visit **macmillan.org.uk/inyourarea** to see where this service is available near you. Other organisations can also provide support in person, such as your local Citizens Advice (see page 67).

Our online financial support tool

Our online financial support tool includes a quick benefits checker and a benefits calculator. You can use these tools to find out which benefits you may be entitled to. Visit **finance.macmillan.org.uk**

Your data and the cancer registry

When you are diagnosed with cancer in the UK, some information about you and your health is collected in a cancer registry. This is used to plan and improve health and care services. Your hospital will usually give this information to the registry automatically. There are strict rules to make sure the information is kept safely and securely. It will only be used for your direct care or for health and social care planning and research.

Talk to your doctor or nurse if you have any questions. If you do not want your information included in the registry, you can contact the cancer registry in your country to opt out. You can find more information at **macmillan.org.uk/cancerregistry**

Contents

UNDERSTANDING PENSIONS

State Pension

The **State Pension** is a regular payment you can get from the government when you reach a certain age.

The age you can get the State Pension depends on when you were born. It is different for men and women:

- The **State Pension age** for men is currently 65.
- The State Pension age for women has been slowly rising and will reach 65 in 2018.

The State Pension age for men and women is slowly increasing in stages. It will reach:

- 66 by October 2020
- 67 between 2026 and 2028
- 68 between 2037 and 2039.

The State Pension age is reviewed regularly, which means it may change again in the future.

You can check when you will reach State Pension age at **gov.uk/state-pension-age** Or you can call the Future Pension Centre on **0800 731 0175** or use textphone **0800 731 0176** (Monday to Friday, 8am to 6pm).

The new State Pension

A new **State Pension** has been introduced for people who reach State Pension age after 6 April 2016. Anyone who reached the **State Pension age** before this date is not affected by these changes.

You need to have paid **National Insurance** for at least 10 years to get any State Pension. This does not need to have been 10 years in a row. National Insurance is a tax you pay while you are working. If you are unable to work, you may be treated as if you have paid the tax by getting National Insurance credits. To get the full rate of the new State Pension, you need to have paid National Insurance (or have got National Insurance credits) for at least 35 years.

The full new State Pension pays up to £164.35 a week. The amount you can get depends on how many years you have paid National Insurance for. If you would have been entitled to more under the old State Pension, you may get an additional amount. This is called a protected payment.

If your spouse or civil partner has died, you may be able to inherit extra payments or part of their Additional State Pension. This depends on their National Insurance record, age and when they died.

You do not have to claim the new State Pension as soon as you reach State Pension age. By choosing to claim later, you could get more money when you do claim. You should find out more about your options before you make a decision.

For more information, visit **gov.uk/new-state-pension**

Basic State Pension (old rules)

If you reached **State Pension age** before 6 April 2016, there are two parts to the **State Pension**:

- Basic State Pension.
- Additional State Pension.

To get the full basic State Pension, you need to have paid **National Insurance** (or have got National Insurance credits) for at least 30 years. If you have paid less National Insurance than this, you may still be able to get some State Pension, but the amount will be lower.

The highest amount of basic State Pension you can get is £125.95 a week. Depending on how much National Insurance you have paid, you may be able to get more. This is known as Additional State Pension.

If your spouse or civil partner has died, you may be able to inherit their basic State Pension, or get credits to increase your own pension. This depends on their National Insurance record, age and when they died.

For more information, visit **gov.uk/state-pension**

Further support

If you have a low **income**, you may be able to get extra support as well as your **State Pension**. This is called **Pension Credit**. Pension Credit is a means-tested benefit. Means-tested means you can get extra support if your income or savings, or both, are below a certain level. The level depends on your situation. You may get more support if you are a carer or have a disability.

You may also be able to get help towards other costs, such as housing council tax and travel. You can call the Macmillan Support Line on **0808 808 00 00** for more information. We have financial specialists who can help you deal with your money worries.

We have more information about Pension Credit and other benefits you may be able to get in our booklet **Help with the cost of cancer** (see page 60).

Private pensions

Private pensions, also called **personal pensions**, can be arranged by either:

- your employer – these are called **workplace pensions**
- you.

If you have a workplace pension, a percentage of your pay is automatically put into the pension scheme every payday. In most cases, your employer also pays into a workplace pension, alongside the money you pay in. Employers should have arranged this for most of their workers by February 2018. This is called **auto-enrolment**. You can choose to opt out.

If you do not have access to a workplace pension, you may want to arrange a pension yourself. You should think about getting help from a **financial adviser** when doing this.

Usually, you get **tax relief** on money paid into private pensions. This adds to your savings. Some workplace schemes may not give tax relief if you do not pay tax, or if you earn under £11,850 per year.

Types of private pension

There are two types of private pension:

- Any pension you arrange yourself is a **defined contribution scheme**.
- Workplace pensions can be either a defined contribution scheme or **defined benefit scheme**.

Defined contribution scheme

This is where you build up an amount of money. If your employer has arranged the pension, they pay money in alongside your contributions.

The money is usually invested in stocks and shares, along with other investments. It hopefully grows over time. Remember the value of investments can go up or down. You should try to review your investments regularly to make sure you get the best deal. If you need help with deciding how to invest your contributions, the Money Advice Service has more information on pension investment options (see page 68).

The rules about defined contribution schemes became more flexible in April 2015. Usually you can take your pension from the age of 55. When you can access your savings depends on the rules of your pension scheme.

Defined benefit scheme

This is where your employer promises to pay you an agreed amount when you retire. The amount you get is based on how long you have worked there and on one of the following things:

- Your final salary.
- Your average salary from across your time at the workplace.

These are also called **final salary schemes** or career average revalued earnings (CARE) schemes.

You may have a **defined benefit scheme** if you:

- have worked for a big organisation for a long time
- work in the public sector.

They are generally a good option, but are now rarely offered to new workers outside of the public sector.

If you have a defined benefit scheme, you get a tax-free **lump sum** when you retire and a regular **income** for life. These schemes usually have a retirement age of 65. Some schemes may allow payment from the age of 55. But this may reduce the amount of money you get. This is known as an **actuarial reduction**.

STOPPING WORK OR CHANGING YOUR PENSION

Reducing your hours or stopping work

Because of cancer or its treatment, you may have to:

- take time off work
- reduce your hours
- stop work.

If you are employed and use your holiday allowance to take time off, your pension is not affected.

If you are unable to use your holiday allowance, there are different ways your pension could be affected:

- If you are getting sick pay, you could continue to pay into your pension as normal, but this is not always the case. Employers have different sick pay schemes. The legal minimum for employers to pay is **Statutory Sick Pay (SSP**). This is currently £92.05 a week, for up to 28 weeks. There are different rules for agricultural workers. It may not pay enough to cover your pension contributions. But some employers offer more generous sick pay in addition to SSP. This is called occupational sick pay, or company sick pay.
- If you reduce your working hours and are paid less, this will probably reduce your payments towards your pension.
- If you stop working and stop paying money into your pension, your final pension will be smaller.

In any of these situations, exactly what happens depends on your work contract and the rules of the pension scheme. To check whether your pension will be affected by time off or reduced hours, talk to:

- your employer
- the human resources (HR) department at work
- the pension scheme manager.

It is also worth checking whether you have any extra benefits with your pension policy. They could help you keep up your pension contributions. When you started your pension, you may have bought a type of insurance that would keep building your pension if you cannot work. This may be called a **pension-contribution protection benefit**, a **waiver of contribution benefit** or a **waiver of premium benefit**. Talk to the scheme provider if you want to check this.

We have more information about managing work and cancer in our booklet **Work and cancer** (see page 60). We also have financial guides who can help you deal with your money worries. You might also find our leaflet **Money worries? How we can help** helpful (see page 60). Call us on **0808 808 00 00** to speak to a financial guide or benefits adviser.

'At one point I was three days away from having to go back to work, even though I was still very unwell, because there was a debate on whether I could access my pension.'

Nelson

Changing and tracing pensions

Changing pensions

You may want to change your pension scheme if:

- you get a new job
- you want to move your pension (transfer it) to a better scheme
- you have several pensions, perhaps from different jobs, and want to bring them together – this is called **pension consolidation**.

If you want to transfer your pension, speak to your current pension provider to find out whether this is possible. You should also speak to the provider you want to transfer to, as you may have to pay charges or fees on the transfer. It is also important to think about where the money will be invested and any risks involved.

You need to get financial advice before transferring your pension if:

- you have a **defined benefit scheme** worth £30,000 or more
- you have a **defined contribution scheme** worth £30,000 or more, and it comes with certain guarantees about what you will get when you retire.

This is to make sure you understand the benefits you are giving up.

The Pensions Advisory Service can give you free, impartial information about transferring and consolidating pensions. Visit **pensionsadvisoryservice.org.uk**

Leaving a job

If you leave a job that you had a **workplace pension** with, the pension you built up continues to belong to you. There are options for what to do with it. This could include leaving the pension where it is until you can access it, or transferring it to a new scheme. The options available may depend on how long you have been in the new scheme and when you choose to change jobs.

With a **defined contribution scheme**, it may be possible to keep paying into the pension. But your previous employer will no longer pay into it.

You may decide that you are not well enough to work and choose to take **ill-health early retirement** (see pages 24 to 25). You may be able to access your pension early. In some cases, it may be better to keep your pension, for example if you have a terminal diagnosis.

If you are thinking of leaving your job because of your cancer diagnosis, you should get advice so you can understand all your options. It may help to speak to our specialists on the Macmillan Support Line. Call **0808 808 00 00**.

Tracing pensions

The Pension Tracing Service can help if:

- you have lost track of pensions you used to pay into
- you do not know the details of the schemes you used to pay into.

It is a free service that can find lost pensions for you. It can also give you details of the pension provider. But it cannot tell you how much the pension is worth. Visit **findpensioncontacts.service.gov.uk**

‘I tried to put my finances in order by setting things in motion to cash in my teacher’s pension on grounds of serious ill health.’

Anne

ACCESSING YOUR PENSION

Ill-health early retirement

If you have or have had cancer, you may be able to retire and claim your pension early because of ill health. Your illness usually has to be permanent and stopping you from working. It depends on the rules of your pension scheme.

If you have a **defined benefit scheme** and claim your pension early due to ill health, it may give you less money. This is because there is less time for the pot of money to grow. Some schemes give you the same money, and others could pay more. This depends on the rules of the scheme.

If you qualify for **ill-health early retirement**, your pension scheme will tell you what your options are. You should also speak to an independent pensions adviser such as a **Macmillan financial guide** before you decide.

'It has been a bit of a financial shock going from being on a reasonable salary to a pension, but at least it's something, and some people may not even have that option or provision.'

Nelson

Life expectancy of less than 12 months

If you have a life expectancy of less than 12 months, you may be able to take **serious ill-health retirement**. You will usually get the whole of your pension as a one-off **lump sum**.

Things to think about

- If you are aged under 75, the whole sum is usually tax-free. In this case, a registered medical professional must give evidence to the scheme administrator that your life expectancy is less than 12 months.
- If you are aged 75 or over, 25% of the lump sum is tax-free and the rest is taxed as **income**.
- Taking a lump sum could affect any means-tested benefits you are getting.
- If you choose to take serious ill-health retirement, you might use all of the money you have saved. This means there would be no benefits payable to your **beneficiaries** after you die (see pages 37 to 41). This depends on the rules of the scheme.
- Before choosing to take serious ill-health retirement, check the death benefits payable to your beneficiaries if you were to die before taking your pension. For example, if you die while employed, your pension scheme may pay out a lump sum called **death-in-service**. You should speak to a financial guide to make sure you choose the best option for you and for people who are financially dependent on you. Call **0808 808 00 00** to speak to a **Macmillan financial guide** for free.
- Any money you take from your pension, but do not spend or give away before you die, becomes part of your **estate**. Your estate is the money, possessions and property you leave behind. We have more information about passing on your pension benefits (see pages 37 to 41).

‘I remembered I had an old pension from when I was self-employed. Macmillan explained I could get that in a lump sum. It was like a weight had been lifted.’

Cath

Defined contribution scheme

A **defined contribution scheme** is a type of pension where you (and often your employer) pay money into a fund. The fund is invested and hopefully grows over time.

If you have a defined contribution scheme, you can choose to access your pension in a number of ways. Most schemes let you take money out when you are over the age of 55.

It is important to get financial guidance before deciding how to access your pension.

Lump sums

You can choose to take all your pension savings in one go. You get 25% of your savings tax-free and you pay tax on the rest as **income** unless you are accessing it due to serious ill health.

Or you can choose to take out some of your savings as smaller lump sums. While you have enough money, you can do this as many times as you like. For each **lump sum**, 25% is taxfree and the rest is taxed as income.

Things to think about

- Taking lump sums early means you will have less retirement **income** later.
- If you have other income, taking a big **lump sum** from your pension may push you into a higher Income Tax band. For example, you may have other income from investments, renting out a property or a part-time job. A lump sum could also affect any means-tested benefits you are getting, or could become entitled to.
- If you would like to keep saving into the pension, you will have a reduced annual allowance of £4,000. The annual allowance is the amount that can be paid into a pension in a **tax year** and still get tax relief. This is called **money purchase annual allowance (MPAA)**.

'I had a work pension that I have cashed. I now have a lump sum and a monthly payment. I might not get as much as I would when reaching retirement age, but I need the money now.'

Alison

Flexi-access drawdown (adjustable income)

You can choose to invest your pension savings in a fund that gives you a regular, but adjustable, **income**. You can also take lump sums from the fund whenever you like. This option is a financial product called **flexi-access drawdown** or **adjustable income**.

When you move your savings into a flexi-access drawdown fund, you can take up to 25% of your pension savings as a tax-free cash **lump sum**. Any lump sums or income you take after that will be taxed.

Things to think about

- Not all schemes offer flexi-access drawdown. It is possible to change to a provider that does offer this option. You may have to pay a fee.
- Flexi-access drawdown is not guaranteed, as you may run out of money. This can happen if:
    - you take out too much of your pension savings
    - you live longer than expected
    - your investments perform badly.
- If you would like to keep paying into the pension, you will have a reduced annual allowance of £4,000. The annual allowance is the amount that can be paid into a pension in a **tax year** and still get tax relief. This is called **money purchase annual allowance (MPAA)**.

Annuity

An **annuity** is a type of financial product. You get a regular, guaranteed **income** for the rest of your life. You buy it in exchange for some, or all, of your pension savings. You can also choose to provide an income for someone else. For example, you might do this if you think you may die before them.

If you have or have had cancer, you may qualify for an **impaired-life annuity**. It usually pays out more than a normal annuity to people with an illness that could reduce their life expectancy. If you do not qualify for an impaired-life annuity, you may qualify for an **enhanced annuity**. This pays more to people with particular lifestyles or health conditions who may not live as long.

When you buy the annuity, you can also take up to 25% of your pension savings as a tax-free, cash **lump sum**.

You will pay Income Tax on money you get from the annuity.

Things to think about

- The **annuity** rate you are offered depends on how much you have in your pension pot and whether you want the **income** to increase each year.
- Unlike **flexi-access drawdown**, there is no risk of running out of money. The income is guaranteed for the rest of your life. Whether an annuity offers good value depends on a number of factors. These include the rate you are offered, how long you live, and the death benefits available.
- Your pension scheme may offer you its own annuity policy, but this will not necessarily be the best option for you. You have the option of buying your annuity elsewhere to get a higher income. This is called the **open market option**.
- Visit **pensionwise.gov.uk** for information on how to find the best annuity product. The Money Advice Service also has an online tool that can be a good starting point when looking for annuities (see page 68). But remember that health conditions can affect the rate of an annuity and may mean it pays more.

Which is the best option for you?

The best option for you depends on:

- the size of your pension savings
- how much **income** you and your loved ones need to live on and whether you want to leave any savings to your **beneficiaries**
- how you feel about investment risk
- whether you have any income from other sources
- your health and how long you expect to live
- whether you get any income-related state benefits – these may be affected depending on how you choose to take your pension.

You do not have to choose just one option. For example, you might use part of your savings to buy an **annuity** and leave the rest in an adjustable income fund. This could give you a secure income and lets you use the rest of your savings when you need it.

A financial guide will help you consider your options (see page 43 to 47). You can speak to a **Macmillan financial guide** for free by calling **0808 808 00 00**.

Defined benefit scheme

A **defined benefit scheme** is a type of pension. They are nearly always arranged by your employer. It means they give you a pension when you retire. This can also be called a final salary scheme or career average scheme.

If you have a defined benefit scheme, you can access your pension when you retire. This is usually between the ages of 60 and 65, unless you have ill health. This can vary, depending on your employer and your pension scheme. You get a **lump sum** and a regular **income** for the rest of your life.

How much you get depends on:

- your salary
- how long you have worked for your employer
- the rules of your pension scheme.

If you have a small amount of pension savings

You may be able to take all your defined benefit pension as a lump sum if:

- you are aged at least 55 (or under 55, if you have ill health)
- the total value of your pension fund or funds is no more than £30,000.

You can take 25% of your pension tax-free. The rest is taxed as income.

Transferring to a defined contribution scheme

If you have a **defined benefit scheme**, you may be able to transfer to a **defined contribution scheme**. This gives you more flexibility when accessing your pension. Before making any decisions, you should check:

- which charges may be taken from your savings
- whether you would lose any valuable benefits by transferring.

In general, defined benefit schemes offer good value. Switching to a defined contribution scheme is rarely beneficial, but it may be in some circumstances. Make sure you get financial advice (see page 66) if you are thinking of doing this. If the value of your defined benefit scheme is £30,000 or more, you have to get financial advice before you can make a transfer.

When you can transfer

Transfers to a defined contribution scheme may be allowed if:

- you have a public sector funded pension scheme (for example, a Local Government Pension Scheme)
- you have a private sector pension scheme.

Transfers are not allowed if you have an unfunded public sector pension scheme (for example, the Teachers' Pension Scheme).

PASSING ON YOUR PENSION

If you die before taking your pension

If you die before taking any of your pension, your loved ones could get some money.

People who get money from your pension after you die are called your **beneficiaries**. You can usually tell your pension provider who you want your beneficiaries to be. Or your beneficiaries may automatically be the people who depend on you financially (your dependants).

The money may be paid as one or more **lump sums**. In some cases, these payments may be tax free:

- If you die before you are aged 75, your beneficiaries can take lump sums tax-free within 2 years of your death.
- If you die aged 75 or over, your beneficiaries will have to pay Income Tax on the money they get.

Make sure your pension provider has up-to-date details of your beneficiaries. If you have more than one pension, let all your providers know. You can do this by completing an expression of wishes or nomination form. You can get these from the provider. You need to do this even if you have already written your wishes in your **will**.

Defined contribution scheme

If you have a **defined contribution scheme** (see page 14), the value of the **lump sum** your **beneficiaries** can get is usually based on the value of the savings you have built up. Sometimes this might just be a refund of the contributions paid in, so it is important to check with the provider. Your beneficiaries may choose to take an **income** instead, or a combination of both.

Defined benefit scheme

If you have a **defined benefit scheme** (see page 15), a lump sum may be paid to your beneficiaries if you die before taking your pension. It is important to check with the individual scheme how much would be paid.

If you die after starting to take your pension

After you die, money that you took as **lump sums** but did not spend becomes part of your **estate**. Your **beneficiaries** inherit it, but they may have to pay **Inheritance Tax** on it.

Our financial guides can help you understand more about passing on your pension. Call them on **0808 808 00 00**. Speak to a specialist to find out more about Inheritance Tax.

Defined contribution scheme

Money left in your pension

If you die with money left in your pension, your beneficiaries could take it as a lump sum or as an additional **income**. Check the rules of the scheme. If they qualify, they will:

- not pay income tax on it if you die before the age of 75
- pay income tax on it if you are aged 75 or over when you die.

Annuities

An **annuity** (see pages 30 to 31) is a type of financial product. You get a regular income in exchange for your pension savings.

If you bought an annuity, your beneficiaries may continue getting payments after you die. This depends on:

- the type of annuity you bought
- the death benefit options that were selected at the time the annuity was bought.

Flexi-access drawdown

Flexi-access drawdown (see page 29) is a type of financial product. You invest your pension savings in a fund and have flexible options for taking money out.

If you chose flexi-access drawdown, the money can continue being paid out after you die. It goes to anyone you name as a beneficiary. They can also choose to withdraw the money as an **income**.

If you have flexi-access drawdown, or an **annuity** that keeps paying out to people when you die, they will:

- not pay tax if you die before the age of 75
- pay income tax on it if you are aged 75 or over when you die.

Defined benefit scheme

If you are taking a **defined benefit scheme** pension, it is possible for your dependants to get part of your pension after your death. Your dependants may include your husband, wife, civil partner or children. Some schemes also offer dependents' pensions to non-married partners. To make sure this happens, you may need to complete a form before your death.

Your dependants must meet the scheme's conditions. The amount they get depends on the rules of the scheme. This money is not usually paid as a **lump sum**. It is taxed as income.

Some defined-benefit schemes also offer a guarantee for the first 5 to 10 years after the money starts being paid. This means the money is paid for the whole guarantee period, even if you die. It is important to check the benefits available with the individual scheme.

'We can help you understand your pension options.'

David, Macmillan Financial Guide

ADVICE AND GUIDANCE

Free guidance

Our financial guidance team can give you free, independent guidance on all aspects of your personal finances. This includes pensions, mortgages, insurance, retirement, borrowing and savings. Our financial guides all have experience of the financial services industry and their role is to help people affected by cancer understand their options after a cancer diagnosis. You can call our financial guides on **0808 808 00 00** to talk about any financial worries you have.

The Pensions Advisory Service and Citizens Advice (see pages 65 and 67) give free guidance about pensions. If you are aged 50 or over, they can also refer you to a free government scheme called **Pension Wise** (see page 55). This scheme can give you extra guidance and support.

Macmillan's financial guides, The Pensions Advisory Service, Citizens Advice and Pension Wise are impartial. They do not recommend any products or companies, or tell you how to invest your money. They can discuss all your options so you can make an informed decision.

'Macmillan looked at our finances and managed to get us an extra £20 a week as part of our pensions, which was really helpful.'

Ann

Financial advice

Pensions can be complicated. Getting specialist advice is a good way of making sure you think about all your options and make the most of your pension savings.

An independent, professional **financial adviser** is a specialist who is legally allowed to give you recommendations about buying financial products. They can give you advice about the best option for your situation. They can also help you get the highest **income** from your pension. This can be particularly important when you are making decisions about how to access your pension.

The financial adviser should arrange a meeting to talk about your needs. They ask questions about your finances and situation. They then:

- research the options offered by your pension
- advise how the options could affect your taxes or benefits
- decide what they would recommend
- get quotes on the income or **lump sum** you can expect to get.

If you are happy with their advice, they can do any applications for you. They may need to share your medical information and contact your doctor.

Using a financial adviser means you get more protection if they give you advice that later turns out to be wrong. There is a system to deal with complaints and, where necessary, to put things right.

How much does it cost?

An independent **financial adviser** charges a fee for their service.

Financial advisers must agree their fees and how you will pay them in advance. You might agree to:

- pay an upfront fee
- pay in instalments
- let the adviser take their fee from your pension savings.

Many financial advisers offer the first meeting for free.

Finding a financial adviser

You can find a financial adviser by asking family or friends for a recommendation, or by visiting the following websites:

- Wayfinder – **financialplanning.org.uk/wayfinder**
- Personal Finance Society – **thepfs.org/yourmoney/find-an-adviser**
- Money Advice Service – **moneyadviceservice.org.uk/en**

Always make sure the financial adviser is authorised. You can check they are on the Financial Services Register (see page 66). Some financial advisers are linked to pension providers. Try to choose one who is independent.

Things you and your financial adviser should think about

- What is the right choice, considering my cancer prognosis?
- Could I get an **impaired-life annuity** (see pages 30 to 31)?
- Could an increase in savings or **income** affect any benefits I am getting?
- How much tax would I pay if I cash in part, or all, of my savings?
- Are my loved ones provided for if I die? Which option is best for them?

GLOSSARY

Useful words to know

When you are dealing with money, you may see or hear new words that are hard to understand.

In this glossary, we explain the words we have used **in bold** in this information. Remember, you can call the Macmillan Support Line free on **0808 808 00 00** if you need more information or support.

Actuarial reduction

A reduction in the money you get if you take your pension early. This is offered by some defined-benefit schemes. It lets you start taking your pension before your normal pension age, but it may reduce the amount of money you get.

Adjustable income

See flexi-access drawdown on page 53.

Annuity

A type of financial product. You get a regular, guaranteed income for the rest of your life. You buy it in exchange for some, or all, of your pension savings.

Auto-enrolment

A new scheme by the UK government. It means all employers must arrange pensions for most of their workers. Workers can choose to opt out.

Beneficiaries

People who get money from your pension after you die. They may also get other money or possessions. You can name beneficiaries in your will or tell your pension provider who you want them to be. Or they may automatically be the people who depend on you financially. It could be a partner, child, parent or friend. Some people also choose to leave money to an organisation or charity.

Death-in-service

Your employer may offer this. It means that if you die while working for them, they may pay out a lump sum to your beneficiaries.

Defined benefit scheme

A type of pension arranged by your employer. It means they pay you an agreed amount when you retire. The amount you get is usually based on your salary and how long you have worked for the employer. This type of pension is also called a final salary or career average revalued earnings (CARE) scheme.

Defined contribution scheme

A type of pension that can be arranged either by your employer (workplace pension) or by you. You pay money into a fund. If your employer has arranged the pension, they pay also pay money in alongside your contributions. The fund is invested and hopefully grows over time.

Enhanced annuity

A type of annuity. It is for people with particular lifestyles or health conditions who may not live very long. This includes people who have cancer. An enhanced annuity usually pays more than a normal annuity.

Estate

Everything you own when you die, minus everything you owe. This includes possessions, money and debts.

Final salary schemes

See defined benefit scheme on page 51.

Financial adviser

A specialist who is legally allowed to give you recommendations about buying financial products. They can give you advice about the best pension option for your situation.

Flexi-access drawdown

A type of financial product. You invest your pension savings in a fund. Then when you take your pension, you can normally choose to take 25% of the fund tax-free. Any lump sums or income you take after that will be taxed. This is also known as adjustable income.

Ill-health early retirement

When you are allowed to retire and claim your pension early because of ill health. If you have or have had cancer, this may apply to you.

Impaired-life annuity

A type of annuity. It is for people who have had cancer, or another serious medical condition. It usually pays out more than a normal annuity to people with an illness that could reduce their life expectancy.

Income

Any money that you get. For example, this could be from working, benefits or investments.

Inheritance Tax

A tax that may be applied to some money and possessions you leave behind when you die.

Lump sum

A single, one-off payment, for example from your pension or an insurance scheme.

Macmillan financial guide

A specialist who can give you free, independent guidance on your personal finances, such as pensions, insurance, mortgages and estate planning. Call the Macmillan Support Line on **0808 808 00 00** to speak to a financial guide.

Money purchase annual allowance (MPAA)

The amount of money you or your employer are allowed to pay into a defined contribution pension scheme each tax year and still get tax relief. Currently the MPAA is £4,000 and applies to people who have accessed their pension flexibly.

National Insurance

A tax you pay while you are working. You can also choose to pay it voluntarily, for example if you are self-employed but did not pay National Insurance because of small profits. If you are unable to work, you may be treated as if you have paid the tax by getting National Insurance credits. Paying National Insurance protects your right to the State Pension. Your payments build up and help you become eligible for the State Pension and some other benefits, if you need them.

Open market option

When you buy an annuity, you can either choose an annuity offered by your pension provider or buy your annuity elsewhere to find the best deal. When you buy an annuity elsewhere, this is called the open market option.

Pension consolidation

When you have separate pensions (for example, from different jobs) and bring them together into one scheme.

Pension-contribution protection benefit

See waiver of contribution benefit on page 57.

Pension Credit

A means-tested benefit paid to people over State Pension age to top up a low income.

Pension Wise

A government service that can give people over the age of 50 free guidance about the retirement options for defined contribution pensions. Visit **pensionwise.gov.uk**

Personal pension

A pension that can be arranged either by your employer (workplace pension) or by you. It is a type of defined contribution scheme.

Serious ill-health retirement

When you can retire and take your pension quickly, because you are expected to live for less than 12 months. In this situation, you may also have more access to benefits. Speak to our welfare rights advisers for more information. Call **0808 808 00 00**.

State Pension

A regular payment you can get from the government when you reach a certain age.

State Pension age

The age when you qualify, or can be treated as qualifying, for State Pension benefits.

Statutory Sick Pay (SSP)

If you are too ill to work, you could get £92.05 per week as Statutory Sick Pay (SSP). It is paid by your employer for up to 28 weeks. There are different rules for agricultural workers.

Tax relief

When you pay less tax, get some tax back, or get it repaid in another way, like into a personal pension.

Tax year

A yearly timeframe for keeping financial records and reporting income and expenses.

Waiver of contribution benefit

A type of insurance that may come with your pension. It pays your pension contributions if you cannot because you are ill. It is also known as waiver of premium benefit or a pension contribution protection benefit.

Waiver of premium benefit

See waiver of contribution benefit above.

Will

A legal document. It gives your instructions about who should inherit your money and possessions. It is usually best to speak to a solicitor for advice about writing a will.

Workplace pension

A pension arranged through your employer.

FURTHER INFORMATION

About our information

We provide expert, up-to-date information about cancer. And all our information is free for everyone.

Order what you need

You may want to order more leaflets or booklets like this one. Visit **be.macmillan.org.uk** or call us on **0808 808 00 00**.

We have booklets on different cancer types, treatments and side effects. We also have information about work, financial issues, diet, life after cancer and information for carers, family and friends.

Online information

All of our information is also available at **macmillan.org.uk/information-and-support** There you'll also find videos featuring real-life stories from people affected by cancer, and information from health and social care professionals.

Other formats

We also provide information in different languages and formats, including:

- audiobooks
- Braille
- British Sign Language
- easy read booklets
- eBooks
- large print
- translations.

Find out more at **macmillan.org.uk/otherformats**
If you'd like us to produce information in a different format for you, email us at **cancerinformationteam@macmillan.org.uk** or call us on **0808 808 00 00**.

Help us improve our information

We know that the people who use our information are the real experts. That's why we always involve them in our work. If you've been affected by cancer, you can help us improve our information.

We give you the chance to comment on a variety of information including booklets, leaflets and fact sheets.

If you'd like to hear more about becoming a reviewer, email **reviewing@macmillan.org.uk** You can get involved from home whenever you like, and we don't ask for any special skills – just an interest in our cancer information.

Other ways we can help you

At Macmillan, we know how a cancer diagnosis can affect everything, and we're here to support you.

Talk to us

If you or someone you know is affected by cancer, talking about how you feel and sharing your concerns can really help.

Macmillan Support Line
Our free, confidential phone line is open 7 days a week, 8am to 8pm. Our cancer support specialists can:
- help with any medical questions you have about cancer or your treatment
- help you access benefits and give you financial guidance
- be there to listen if you need someone to talk to
- tell you about services that can help you in your area.

Call us on **0808 808 00 00** or email us via our website, **macmillan.org.uk/talktous**

Information centres
Our information and support centres are based in hospitals, libraries and mobile centres. There, you can speak with someone face to face.

Visit one to get the information you need, or if you'd like a private chat, most centres have a room where you can speak with someone alone and in confidence.

Find your nearest centre at **macmillan.org.uk/informationcentres** or call us on **0808 808 00 00**.

Talk to others

No one knows more about the impact cancer can have on your life than those who have been through it themselves. That's why we help to bring people together in their communities and online.

Support groups

Whether you are someone living with cancer or a carer, we can help you find support in your local area, so you can speak face to face with people who understand. Find out about support groups in your area by calling us or by visiting **macmillan.org.uk/selfhelpandsupport**

Online Community

Thousands of people use our Online Community to make friends, blog about their experiences and join groups to meet other people going through the same things. You can access it any time of day or night. Share your experiences, ask questions, or just read through people's posts at **macmillan.org.uk/community**

The Macmillan healthcare team

Our nurses, doctors and other health and social care professionals give expert care and support to individuals and their families. Call us or ask your GP, consultant, district nurse or hospital ward sister if there are any Macmillan professionals near you.

'Everyone is so supportive on the Online Community, they know exactly what you're going through. It can be fun too. It's not all just chats about cancer.'

Mal

Help with money worries

Having cancer can bring extra costs such as hospital parking, travel fares and higher heating bills. If you've been affected in this way, we can help.

Financial guidance

Our financial team can give you guidance on mortgages, pensions, insurance, borrowing and savings.

Help accessing benefits

Our benefits advisers can offer advice and information on benefits, tax credits, grants and loans. They can help you work out what financial help you could be entitled to. They can also help you complete your forms and apply for benefits.

Macmillan Grants

Macmillan offers one-off payments to people with cancer. A grant can be for anything from heating bills or extra clothing to a much-needed break.

Call us on **0808 808 00 00** to speak to a financial guide or benefits adviser, or to find out more about Macmillan Grants. We can also tell you about benefits advisers in your area. Visit **macmillan.org.uk/financialsupport** to find out more about how we can help you with your finances.

Help with work and cancer

Whether you're an employee, a carer, an employer or are self-employed, we can provide support and information to help you manage cancer at work. Visit **macmillan.org.uk/work**

My Organiser app

Our free mobile app can help you manage your treatment, from appointment times and contact details, to reminders for when to take your medication. Search 'My Organiser' on the Apple App Store or Google Play on your phone.

Other useful organisations

There are lots of other organisations that can give you information or support.

Pensions guidance

Pension Tracing Service (Department for Work and Pensions)
Tel 0800 731 0193
Textphone 0800 731 0176
(Mon to Fri, 8am to 6pm)
www.gov.uk/find-pension-contact-details
Can help you find details for your own workplace or personal pension scheme. If you have their permission, it can also help you find out the details for someone else's scheme.

The Pensions Advisory Service
Helpline 0800 011 3797
(Mon to Fri, 9am to 5pm)
www.pensionsadvisoryservice.org.uk
Provides free, impartial information about any aspect of pensions. If you are aged 50 or over, it can also refer you to the government guidance scheme Pension Wise for extra support.

Finding a financial adviser

Chartered Institute for Securities and Investment
www.financialplanning.org.uk/wayfinder
A not-for-profit group that authorises financial planners and keeps a check on their professional activities. Enter your postcode on the website to find a financial planner near you.

Financial Conduct Authority (FCA)
Tel 0800 111 6768
(Mon to Fri, 8am to 6pm and Sat, 9am to 1pm)
Email consumer.queries@fca.org.uk
www.register.fca.org.uk
Regulates the financial services industry. You can search the Financial Services Register for approved financial advisers.

HMRC Inheritance Tax and Probate Helpline
Tel 0300 123 1072
(Mon to Fri, 9am to 5pm)
Can give advice about probate and inheritance tax after a death, including help with completing forms.

Personal Finance Society – 'Find an Adviser' service
www.thepfs.org/yourmoney/find-an-adviser
Use the website to find qualified financial advisers in your area.

TaxAid
Tel 0345 120 3779
(Mon to Fri, 10am to 12pm)
www.taxaid.org.uk
Provides free tax advice to people who cannot afford to pay a professional tax adviser.

Tax Help for Older People
Tel 0845 601 3321
(Mon to Fri, 9am to 5pm)
Email taxvol@taxvol.org.uk
www.taxvol.org.uk
Gives free professional advice on personal tax to older people. You are eligible if you are a pensioner and your household income is less than £20,000 a year.

Information about the State Pension

Department for Work and Pensions (England, Scotland and Wales)
Tel 0800 731 7898
(Mon to Fri, 8am to 6pm)
Textphone 0800 731 7339
www.gov.uk/state-pension
Find information about the State Pension in England, Scotland and Wales.

Northern Ireland Pension Centre
Tel 0808 100 2658
Textphone 0808 100 2198
Email pensionservice@nissa.gsi.gov.uk
www.nidirect.gov.uk/information-and-services/pensions-and-retirement-planning
Find information about the State Pension in Northern Ireland.

Financial or legal advice and information

Citizens Advice
Provides advice on a variety of issues, including financial, legal, housing and employment issues. Find details for your local office on one of these websites:

England
Helpline 03444 111 444
www.citizensadvice.org.uk

Scotland
Helpline 0808 800 9060
www.cas.org.uk

Wales
Helpline 03444 77 2020
www.citizensadvice.org.uk/wales

Northern Ireland
Helpline 0800 021 1881
www.citizensadvice.org.uk/nireland

The Money Advice Service
Helpline (English)
0800 138 7777
Helpline (Welsh)
0800 138 0555
(Mon to Fri, 8am to 6pm, and Sat, 9am to 1pm)
www.moneyadviceservice.org.uk
Provides unbiased advice on money matters.

Typetalk
18001 0800 915 4622
Email enquiries@moneyadviceservice.org.uk
www.moneyadviceservice.org.uk
Runs a free financial health check service and gives advice about all types of financial matters across the UK. Has an online chat service for instant money advice.

YOUR NOTES AND QUESTIONS

Disclaimer

We make every effort to ensure that the information we provide is accurate and up to date but it should not be relied upon as a substitute for specialist professional advice tailored to your situation. So far as is permitted by law, Macmillan does not accept liability in relation to the use of any information contained in this publication, or third-party information or websites included or referred to in it. Some photos are of models.

Thanks

This booklet has been written, revised and edited by Macmillan's Cancer Information Development team. It has been approved by Neal Southwick, Macmillan Financial Support Programme Lead.

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We welcome feedback on our information. If you have any, please contact **cancerinformationteam@macmillan.org.uk**

Sources

We have listed a sample of the sources used in this booklet below. If you would like further information about the sources we use, please contact us at **cancerinformationteam@macmillan.org.uk**

Gov.uk website. www.gov.uk (accessed April 2018).
Money Advice Service website. www.moneyadviceservice.org.uk (accessed April 2018).
Pensions Advisory Service website. www.pensionsadvisoryservice.org.uk (accessed April 2018).
Pension Wise website. www.pensionwise.gov.uk (accessed April 2018).
nidirect website. www.nidirect.gov.uk (accessed April 2018).

Can you do something to help?

We hope this booklet has been useful to you. It's just one of our many publications that are available free to anyone affected by cancer. They're produced by our cancer information specialists who, along with our nurses, benefits advisers, campaigners and volunteers, are part of the Macmillan team. When people are facing the toughest fight of their lives, we're there to support them every step of the way.

We want to make sure no one has to go through cancer alone, so we need more people to help us. When the time is right for you, here are some ways in which you can become a part of our team.

5 WAYS YOU CAN HELP SOMEONE WITH CANCER

Share your cancer experience
Support people living with cancer by telling your story, online, in the media or face to face.

Campaign for change
We need your help to make sure everyone gets the right support. Take an action, big or small, for better cancer care.

Help someone in your community
A lift to an appointment. Help with the shopping. Or just a cup of tea and a chat. Could you lend a hand?

Raise money
Whatever you like doing you can raise money to help. Take part in one of our events or create your own.

Give money
Big or small, every penny helps. To make a one-off donation see over.

Call us to find out more

0300 1000 200

macmillan.org.uk/getinvolved

Please fill in your personal details

Mr/Mrs/Miss/Other

Name

Surname

Address

Postcode

Phone

Email

Please accept my gift of £

(Please delete as appropriate)
I enclose a cheque / postal order / Charity Voucher made payable to Macmillan Cancer Support

OR debit my:
Visa / MasterCard / CAF Charity Card / Switch / Maestro

Card number

Valid from

Expiry date

Issue no

Security number

Signature

Date / /

Don't let the taxman keep your money

Do you pay tax? If so, your gift will be worth 25% more to us – at no extra cost to you. All you have to do is tick the box below, and the tax office will give 25p for every pound you give.

☐ I am a UK tax payer and I would like Macmillan Cancer Support to treat all donations I make or have made to Macmillan Cancer Support in the last 4 years as Gift Aid donations, until I notify you otherwise.

I understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference. I understand Macmillan Cancer Support will reclaim 25p of tax on every £1 that I give.

Macmillan Cancer Support and our trading companies would like to hold your details in order to contact you about our fundraising, campaigning and services for people affected by cancer. If you would prefer us not to use your details in this way please tick this box. ☐

In order to carry out our work we may need to pass your details to agents or partners who act on our behalf.

Registered with FUNDRAISING REGULATOR

If you'd rather donate online go to macmillan.org.uk/donate

Please cut out this form and return it in an envelope (no stamp required) to: Supporter Donations, Macmillan Cancer Support, FREEPOST LON15851, 89 Albert Embankment, London SE1 7UQ

27530

This booklet is about your pension options when you have cancer. The booklet explains how pensions work, what happens if you stop work or change your pension, how to access your pension, and how your pension could be passed on. It also tells you who you could contact for further help, including Macmillan's financial guides.

We're here to help everyone with cancer live life as fully as they can, providing physical, financial and emotional support. So whatever cancer throws your way, we're right there with you. For information, support or just someone to talk to, call **0808 808 00 00** (7 days a week, 8am to 8pm) or visit **macmillan.org.uk**

Would you prefer to speak to us in another language? Interpreters are available. Please tell us in English the language you would like to use. Are you deaf or hard of hearing? Call us using NGT (Text Relay) on **18001 0808 808 00 00**, or use the NGT Lite app.

Need information in different languages or formats? We produce information in audio, eBooks, easy read, Braille, large print and translations. To order these, visit **macmillan.org.uk/otherformats** or call our support line.

MACMILLAN CANCER SUPPORT

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