



### Section 32 Buy Out Bond - Summary of main rules

This is a single premium transfer contract deriving from an occupational pension scheme

	<b>Rules up to 5 April 2006</b>	<b>Rules from 6 April 2006 to 5 April 2011</b>	<b>Rules from 6 April 2011</b>
<i>Maximum Contributions and tax relief</i>	Not applicable - transfer contract	Not applicable - transfer contract	Not applicable – transfer contract
<i>Maximum Benefits</i>	A complex set of rules depending on when you joined the original occupational pension scheme.	No limit, but if your total benefits in all pension schemes when added together are over your lifetime allowance you will pay an extra tax charge on the excess.  Benefits are usually measured against the standard lifetime allowance (SLA), but a higher lifetime allowance may be available if certain conditions are met. The SLA is £1.8m in 2010/11	No limit, but if your total benefits in all pension schemes when added together are over your lifetime allowance you will pay an extra tax charge on the excess.  Benefits are usually measured against the standard lifetime allowance (SLA), but a higher lifetime allowance may be available if certain conditions are met. The SLA is £1.8m in 2011/12 and is reducing to £1.5m from 2012/13.
<i>Permitted Normal Retirement Ages</i>	Minimum: 50 Maximum: 75	Minimum: 50 (55 from 6 April 2010) Maximum: 75	Minimum: 55 No Maximum age
<i>Maximum Tax Free Cash</i>	A complex set of rules depending on when you joined the original occupational pension scheme..	25% of the fund value subject to a maximum of 25% of the SLA (£450,000 for 2010/11). This limit applies in total to your S32 policy and any other pensions you have.  Please note: TFC rights in excess of 25% earned by 5 April 2006 are automatically protected. You will need to provide information for us to calculate any higher entitlement.	25% of the fund value subject to a maximum of 25% of the SLA (£450,000 for 2011/12). The maximum tax-free cash allowed after age 75 is 25% of your fund as at your 75th birthday. This limit applies in total to your S32 policy and any other pensions you have.  Please note: TFC rights in excess of 25% earned by 5 April 2006 are automatically protected. You will need to provide information for us to calculate any higher entitlement.



<p><i>Maximum amount to be commuted as a lump sum under triviality rules</i></p>	<p>Available between age 50 and 75.</p> <p>The total combined fund value of the S32 policy and any other 'occupational pensions' from the same employment must not be able to provide a pension of more than £260 a year.</p>	<p>Available between age 60 and 75.</p> <p>The combined fund value of your S32 policy and any other pensions you have must not exceed 1% of the SLA (£18,000 in 2010/11).</p>	<p>Available from age 60 onwards.</p> <p>The combined fund value of your S32 policy and any other pensions you have must not exceed 1% of the SLA (£18,000 in 2011/12).</p> <p>When the SLA reduces to £1.5m in 2012/13 the 1% link is lost and the 'triviality limit' becomes a flat-rate £18,000.</p>
<p><i>Death Before Retirement Benefits</i></p>	<p>A complex set of rules depending on when you joined the original occupational pension scheme..</p>	<p>The fund can be paid as lump sum. This is tax-free up to the SLA, but there will be a tax charge on any excess.</p> <p><b>AND/OR</b></p> <p>Alternatively the fund can be used to provide a dependant's annuity.</p>	<p>The fund can be paid as lump sum.</p> <p>If you die before your 75<sup>th</sup> birthday, this is tax-free up to the SLA, but there will be a tax charge on any excess.</p> <p>If you die after age 75, there is an automatic 55% tax charge on the lump sum.</p> <p><b>AND/OR</b></p> <p>Alternatively the fund can be used to provide a dependant's annuity.</p>
<p><i>Death After Retirement Benefits</i></p>	<p>The balance of any guarantee period and/or a dependant's annuity bought by the fund.</p>	<p>The balance of any guarantee period (paid as a pension).</p> <p><b>OR</b></p> <p>A lump sum* payable provided death occurs before age 75. This will equal the amount used to buy the pension minus any gross income payments. This value is then subject to a 35% tax charge.</p> <p>A dependant's annuity may also be payable.</p>	<p>The balance of any guarantee period (paid as a pension).</p> <p><b>OR</b></p> <p>A lump sum* equal the amount used to buy the pension minus any gross income payments. This value is then subject to a 55% tax charge. This lump sum can be paid if you die before or after your 75<sup>th</sup> birthday.</p> <p>A dependant's annuity may also be payable.</p>

\* Windsor Life does not offer this kind of lump sum.  
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