

Safeguarded Rights
20/2/2006

The DWP has just brought out a paper in which they say, amongst other things, that where a spouse (usually the ex-wife) acquires safeguarded rights as a result of a pension sharing order, they will not be able to draw these benefits before age 60 and they will not be able to take any tax-free cash.

It had generally been assumed that, like protected rights, after A-Day benefits could be taken at 50 (55 from 2010) and that there would be a 25% lump sum.

To summarise:

After A-Day all pensions can be taken from age 50 (55 from 2010) - except safeguarded rights following a pension sharing order.

After A-Day all pensions can provide at least 25% tax-free cash - except safeguarded rights following a pension sharing order.

Occupational schemes can only do what their rules allow, so it may be necessary for people to transfer out of the scheme to get 25% tax-free cash.