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The term â€˜selling pensionsâ€™ sounds very attractive indeed and maybe you have heard that it is easy t sell your pension. So, is it that easy? Somebody is ready to pay you an upfront lump sum as advance against your future pension and for that; you just need to mention how much of your pension you can keep aside every month and how much you need as advance. It does sound simple but it is not so. First, there is no such term and if there is then it must be pension release. Now let us get to the basics of this phenomenon.

Under pension release, you can avail benefits from your pension well before retirement. However, there are certain limitations. Your age should be 55 years or above and your pension should not be a state pension. Moreover, you cannot avail benefits if you have already received the same. In addition, certain organizations have final salary schemes that prohibit scheme members from selling pensions. Therefore, you have to keep these in mind before going for a pension release.

In general, the Financial Services Authority (FSA) advises people against selling their pension unless it is necessary. The contention is that pensions are meant to provide future financial stability and if the same is used early, it can affect your finances after retirement.

In case you have made up your mind to opt for Lump sum pension then you ought to know that out of your total pension fund you will get 25% of it as lump sum advance. This amount will be tax-free. You have the liberty to use this amount for any purpose. However, it makes sense to re-invest this amount with a pension provider. After retirement, you can take out the amount as lump sum or you can opt for a monthly income plan.

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