Georgina Kitteridge writes on the New Pensions and Bandits.

Well it's here. April that is and from the 6th we face the most far reaching changes in pension regulation since they began. You would not be alone in thinking that accessing your pension fund will now be as easy as withdrawing money from your bank account. But with a minefield of changes, it is not quite that simple.

Whilst it may be tempting to access your entire pension fund in one go, for a good holiday for example, don't forget only 25% is tax free, the rest is taxable at your top rate. 75% then of any funds you withdraw are added to your other income for the financial year and if your total "income" is more than around £42,385 you will pay at least 40% tax on it.

It simply does not make sense to pay 40% or potentially 45% income tax just to access your pension fund in one go, it makes that holiday very expensive indeed! The sensible thing then to consider is withdrawing the fund over a period of years to minimise the liability. This also makes sense in getting a good balance between living today and still being able to enjoy a reasonable standard of living in future.

If you do this, (partial withdrawal) where will you invest the fund you have not drawn? Is it invested in the right place bearing in mind your future needs? How "risky" are the ongoing investments? Markets rise and fall and cash rarely returns more than inflation.

If after considering all your options carefully you still wish to access your pension fund in one hit there is another problem; not all providers will allow you to do so. Many old pension scheme systems simply cannot cope with the new rules. You would have to switch your pension to an alternative provider, which would not be without charge. You are then potentially in "bandit" country, the world of pension liberation.

There are already offerings of all sorts of pension facilities, investments and advice but are the providers authorised and regulated by the Financial Conduct Authority. Is your fund protected by the Compensation Scheme? How much will it cost? Would you know who to trust?

Just because you can does not mean you should grab your pension fund as a lump sum in whole or in part. The alternative of purchasing a guaranteed income for life (an annuity) remains. Whilst annuities have had bad press, they avoid all these risks and thus may still be the best option for you. A regular risk free guaranteed income for life sounds good to me.

There are problems then leaving the funds invested, problems taking them out and Bandits lying in wait for the un-wary. No matter what you plan to do you should seek fully independent advice and ensure any company you deal with is authorised and regulated by the Financial Conduct Authority. You can search for local independent advisers at www.unbiased.co.uk or feel free to contact us.