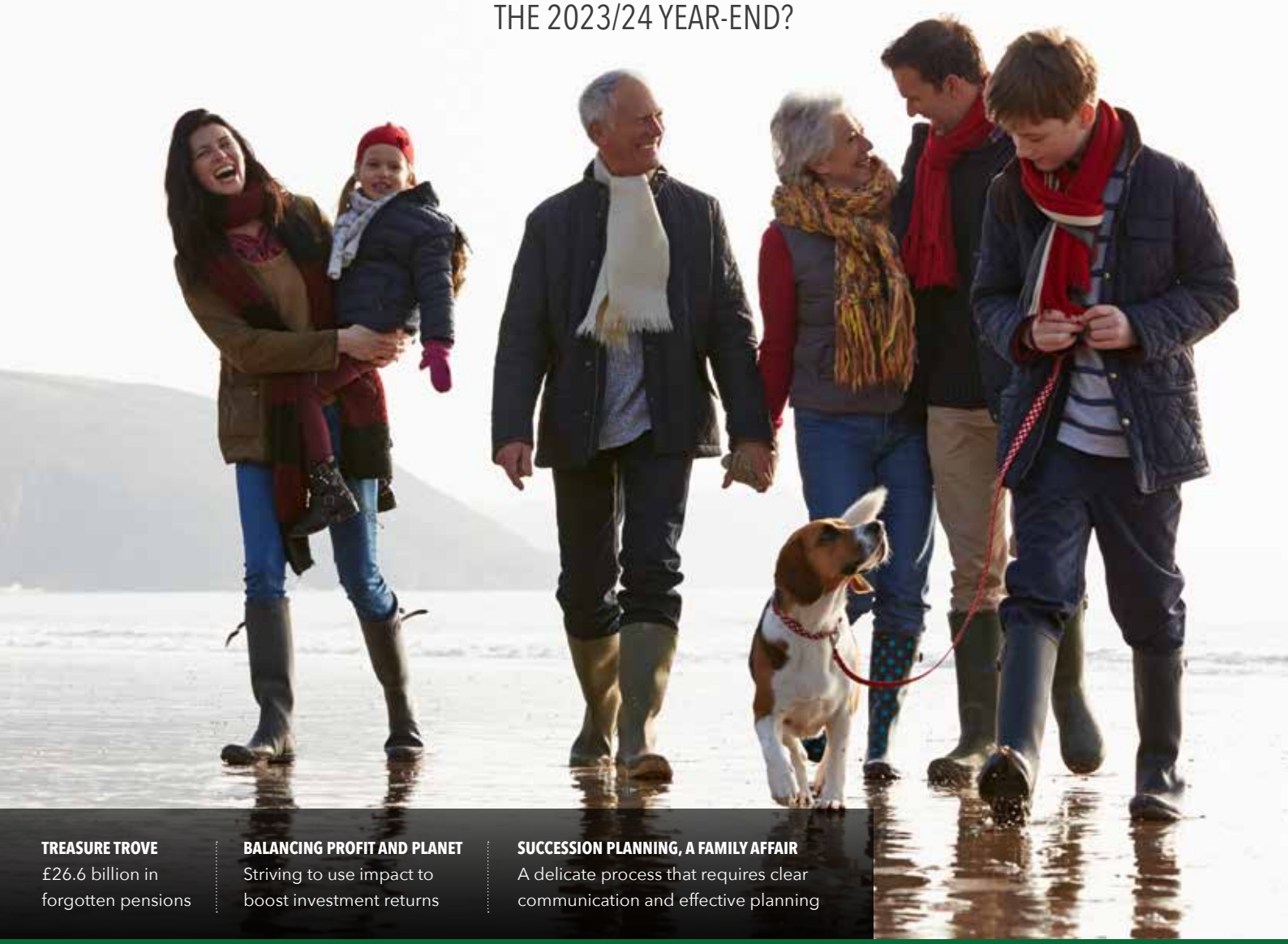
ATTAIN
WEALTH
MANAGEMENT

WORKING WITH YOU, ACHIEVING YOUR GOALS

TAX-SAVING MEASURES

WHAT ACTIONS TO REVIEW BEFORE THE 2023/24 YEAR-END?



TREASURE TROVE
£26.6 billion in forgotten pensions

BALANCING PROFIT AND PLANET
Striving to use impact to boost investment returns

SUCCESSION PLANNING, A FAMILY AFFAIR
A delicate process that requires clear communication and effective planning

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INSIDE **THIS ISSUE**

Welcome to the first issue for 2024. The tax landscape has witnessed considerable changes, making the situation more challenging for taxpayers and investors alike. As we near the end of the 2023/24 tax year on 5 April, every taxpayer should understand the importance of this date and consider their tax position. Don't leave it to chance and miss the deadline. On page 06, we've provided some planning tips to consider and discuss with us.

Did you know as many as 1 in 20 people could have a pension they didn't think they had? Could that be you? It's estimated £26.6 billion is currently trapped in forgotten pensions, averaging about £9,500 each. With most individuals juggling multiple jobs throughout their lifetime, it's no wonder that some of these pensions fall through the cracks. Read the full article on page 34.

ESG (Environmental, Social and Governance) investing, a socially responsible investing approach, seeks to harmonise financial returns with a company's environmental impact, stakeholder relationships and global footprint. Our planet faces numerous challenges, from climate change to a rapidly growing and ageing population. On page 10, we consider understanding and incorporating ESG opportunities into your investment strategy.

Transferring wealth within a family is a delicate process that requires clear communication and effective planning. Otherwise, it could lead to a potentially large tax bill and bad feelings in the family. This narrative was depicted in the hit American HBO series 'Succession'. By engaging in succession planning, you can ensure your assets are distributed according to your wishes, simplifying the process and maximising tax efficiency. Read the article on page 12.

A complete list of the articles featured in this issue appears opposite.

SAFEGUARDING, EXPANDING AND CULTIVATING YOUR WEALTH

We aim to help you secure your future and achieve your financial objectives with a carefully crafted plan to fit your needs. By developing this plan, we'll focus on what really matters and how to manage your financial situation to achieve your goals. We're here to safeguard, expand and cultivate your wealth using our expert guidance. Don't hesitate to contact us if you require further information or want to arrange a meeting.

CONTENTS

04
TIME TO KICKSTART YOUR RETIREMENT PLANS?
How to get your retirement plans in motion

05
NATIONAL INSURANCE CONTRIBUTIONS (NICS)
Significant reforms and rates cut for millions of workers

06
CHANGES TO THE STATE PENSION
'Triple Lock' to increase by 8.5% from 6 April 2024

07
TIME TO SIPP INTO FINANCIAL FREEDOM?
'I want to take charge of my retirement savings'

08
TAX-SAVING MEASURES
What actions to review before the 2023/24 year-end?

10
BALANCING PROFIT AND PLANET
Striving to use impact to boost investment returns

11
A TAX-EFFICIENT, FLEXIBLE METHOD FOR FUTURE PLANNING
Time is running out to use your 2023/24 ISA allowance

12
Ssuccession planning, A FAMILY AFFAIR
A delicate process that requires clear communication and effective planning

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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CONTENTS

14
FINANCIAL ROAD MAP FOR 2024
How to devise a robust plan for wealth accumulation and protection

16
SECURING RETIREMENT
The art of de-risking

18
CHARTING YOUR FINANCIAL FUTURE
Tackling retirement anxieties requires understanding your current financial resources

20
MAKE THE MOST OF YOUR WEALTH
Opening up a world of possibilities for your future

22
GENDER PENSION GAP
The potential barrier to reaching the same savings levels as men

23
HEIGHTENED INTEREST RATES INCREASE DEMAND FOR ANNUITIES
What will you do with your hard-earned pension pot at retirement?

24
THE FORGOTTEN TASK ON BRITONS' TO-DO LIST
Financial pitfalls that could easily have been avoided

26
INVESTING AFTER RETIREMENT
Preserving wealth for your future lifestyle

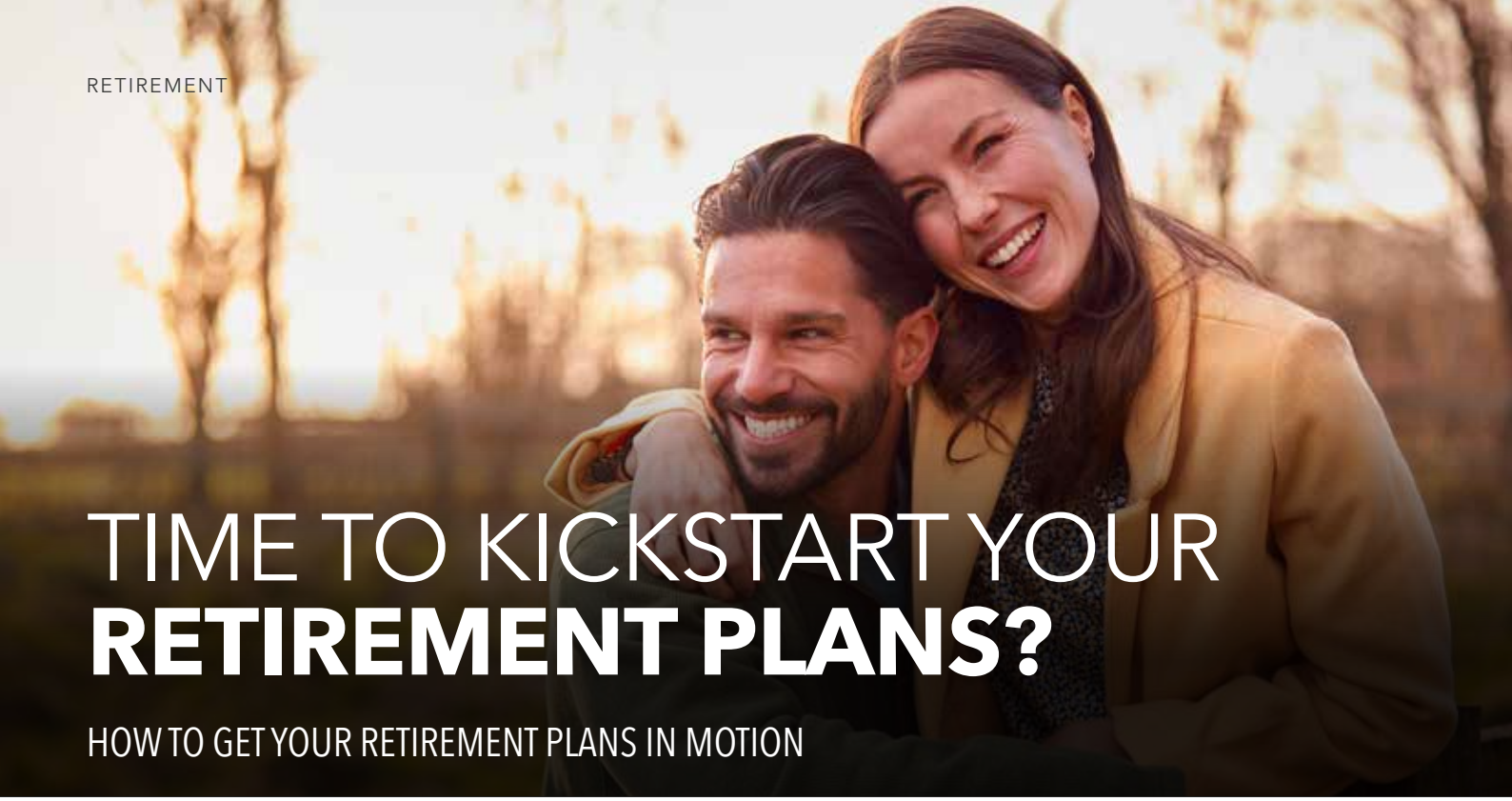
28
THE POWER OF PREVENTION
An effective financial plan acts as your protective shield

30
IT'S GOOD TO TALK
How to navigate financial conversations with your family

31
BRIDGING THE PENSION GENERATION GAP
Urgency for younger generations to access improved financial education

32
£32 BILLION HOLE IN UK SAVINGS POTS
Rise in living costs forcing many people to dip into their financial reserves

34
TREASURE TROVE
£26.6 billion in forgotten pensions



TIME TO KICKSTART YOUR **RETIREMENT PLANS?**

HOW TO GET YOUR RETIREMENT PLANS IN MOTION

Retirement signifies a well-deserved achievement, a significant turning point in life. It should be a period of anticipation and joy, an opportunity to indulge in activities that bring happiness and contentment. Currently, retirement is marked by increased flexibility in accessing your pension savings. While this offers many choices, it also gives rise to numerous queries.

Retirement planning, accompanied by crucial decision-making and understanding various options, might seem daunting, especially with the escalating cost of living affecting several financial plans. This is where the value of professional retirement advice comes into play. We can help you simplify major decisions by clarifying your options, instilling confidence in your choices and ensuring they are beneficial and tax-efficient.

RETIREMENT LIFESTYLE

With the UK witnessing record-breaking inflation in food and fuel prices, the rising cost of living undoubtedly influences our financial plans. If retirement is on the horizon, apprehension about increasing inflation, interest rates and the potential impact of the cost of living crisis on your retirement lifestyle is quite natural.

We can guide you in such circumstances and assist in determining an achievable retirement date based on your total income and expenses. When you include all your potential income sources, not merely your pension savings, you might discover the possibility of retiring earlier than anticipated or gradually reducing work hours before fully retiring. Even if immediate retirement is outside your agenda, we can help you understand when you can afford to retire.

INCOME SOURCES

We'll work with you to analyse all your income sources to estimate your possible annual income post-retirement while ensuring you have sufficient funds for as long as you need. Income sources will likely include pensions, your entitlement to a State Pension, and any savings or investments like Individual Savings Accounts (ISAs). Rental income from a buy-to-let property may also be an option, in addition to any equity in your home that you're willing to release, either through downsizing or equity release.

As your retirement may last 30 to 40 years, ensuring your income lasts throughout this period is crucial. As we've witnessed over the previous few years, inflation rates have reached double-digit figures, so ensuring your money is working hard for you is more important than ever.

BEAT INFLATION

Investing a portion of your money during retirement also offers growth and an opportunity to beat inflation. This is where our professional advice is essential, helping to ensure your money is invested wisely and that your investments align with your retirement plans. However, remember that investments can fluctuate in value, and you may get back less than you initially invested.

Overpaying taxes in retirement is another common pitfall. For instance, if you withdraw more from your pension savings than necessary, you could pay more tax than required. We can guide you through this, ensuring you draw your retirement income in the most tax-efficient way. However, bear in mind that tax laws and legislation can change. Your circumstances, including your location within the UK, will significantly impact your tax treatment. ◀

ARE YOU IN CONTROL OF YOUR RETIREMENT PLANS?

If you require further information or have more questions, please get in touch with us. We are always ready to provide guidance and answer any queries. We'll work with you to ensure you control your retirement plans so your retirement is as comfortable and fulfilling as possible.

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THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE MOST BUY-TO-LET MORTGAGES.

NATIONAL INSURANCE **CONTRIBUTIONS (NICS)**

SIGNIFICANT REFORMS AND RATES CUT FOR MILLIONS OF WORKERS

National Insurance is a cornerstone of the welfare and benefits system. As a citizen, your contributions will likely play a significant role in funding state provisions such as pensions, maternity leave and bereavement support. If you're over 16, under the State Pension age and either employed or self-employed, chances are you're making National Insurance Contributions (NICs).

The amount of NICs you're required to pay is contingent upon your earnings and employment status. In other words, your contribution is calculated based on how much you earn and whether you're an employee or run your own business. This system ensures that everyone contributes fairly to the welfare system based on their financial capabilities.

CLASSIFYING CONTRIBUTIONS

National Insurance rates are segmented into 'classes', each corresponding to a specific earnings range and employment status. Typically, employees fall under Class 1, while self-employed individuals are categorised as Class 4. This classification helps streamline the process and accurately calculates each individual's contributions.

Once you've reached the State Pension age, your obligation to contribute to the National Insurance pool ceases. This means you can enjoy your retirement without worrying about further deductions from your income for National Insurance.

AUTUMN STATEMENT 2023

In the Autumn Statement 2023 last November, Chancellor Jeremy Hunt announced significant reforms to National Insurance. This is the third change to National Insurance since 2022. But despite these cuts, the tax burden is still expected to remain at a record high.

Mr Hunt cut the main rate of Class 1 employee NICs from 12% to 10%. This took effect on 6 January 2024. There will also be a cut in the main rate of Class 4 self-employed NICs from 9% to 8%. This will take effect from 6 April 2024. From 6 April 2024, Mr Hunt said no one will be required to pay Class 2 self-employed NICs.

Details of the National Insurance Contributions (NICs) changes are:

- From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs but will continue to receive access to contributory benefits, including the State Pension.
- Those with profits between £6,725 and £12,570 will continue to get access to contributory benefits, including the State Pension, through a National Insurance credit without paying NICs as they do currently.
- Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to contributory benefits, including the State Pension, will continue to be able to do so. The government will set out the next steps for Class 2 reform next year. As part of this reform, the government will protect the interests of lower-paid self-employed people who currently pay Class 2 NICs voluntarily to build entitlement to certain contributory benefits, including the State Pension.

NATIONAL MINIMUM & LIVING WAGE UPRATING

From 1 April 2024, the National Living Wage (NLW) will rise by 9.8% to £11.44 an hour for eligible workers aged 21 and over across the UK. Young people and apprentices on the National Minimum Wage (NMW) will also see a wage increase. ◀

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OUR SUCCESS IS ENSURING YOUR SUCCESS. WANT TO FIND OUT MORE?

Intrigued and want to know more? Please get in touch with us if you require further information or have questions about any matters that will impact your future financial plans. A deeper understanding will empower you to manage your finances better and plan for a secure future.

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CHANGES TO **THE STATE PENSION**

'TRIPLE LOCK' TO INCREASE BY 8.5% FROM 6 APRIL 2024

The State Pension is set to increase commencing on 6 April 2024 due to a mechanism known as the 'Triple Lock'. Chancellor Jeremy Hunt has announced an increase of 8.5%, which pensioners will welcome.

The State Pension is a recurring benefit paid out every four weeks by the government. This payment is made available to individuals who have reached the qualifying age and have sufficiently contributed to National Insurance.

CHANGES IN THE WEEKLY PENSION AMOUNTS

Qualifying for a full State Pension is based on your National Insurance Contributions (NICs). The number of years you've paid or been credited with these contributions and when you start claiming your State Pension determines the amount you receive. You can access government websites to check your personal NI record and forecast your State Pension.

This increase announced during the Autumn Statement translates to significant changes in the weekly pension amounts. For those receiving the full, new flat-rate State Pension, the weekly amount will be £221.20. Meanwhile, for those on the full, old basic State Pension, the weekly figure will be £169.50.

> **THE STATE PENSION IS A RECURRING BENEFIT PAID OUT EVERY FOUR WEEKS BY THE GOVERNMENT. THIS PAYMENT IS MADE AVAILABLE TO INDIVIDUALS WHO HAVE REACHED THE QUALIFYING AGE AND HAVE SUFFICIENTLY CONTRIBUTED TO NATIONAL INSURANCE.**

THE HIGHEST OF THE THREE MEASURES

The State Pension 'Triple Lock' concept might seem complex, but it's quite straightforward. It's a system that ensures the State Pension increases each April, with the increase based on the highest of three measures.

The 'Triple Lock' system measures inflation as per the Consumer Price Index of the previous September, the average wage increase across the UK or a minimum of 2.5%. Whichever of these three measures is highest dictates the increase in the State Pension. ◀

WANT TO FIND OUT MORE ABOUT YOUR RETIREMENT PLANNING OPTIONS?

Understanding your pension options thoroughly is vital to planning a comfortable retirement. Feel free to contact us if you require further insights or have specific questions regarding your State Pension or your retirement plans. We look forward to hearing from you.

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TIME TO SIPP INTO **FINANCIAL FREEDOM?**

'I WANT TO TAKE CHARGE OF MY RETIREMENT SAVINGS'

A Self-Invested Personal Pension (SIPP) is more than just a pension. It's a gateway to financial freedom that can offer you an unparalleled level of control. With a SIPP, you are at the helm of your investment decisions, determining how your money is invested and your pension pot grows. Whether you make regular contributions or occasional lump-sum deposits, even a modest start can significantly impact your retirement nest egg.

SIPPs come with the bonus of tax benefits, matching those other pensions offer. For instance, a contribution of £8,000 to your SIPP attracts a £2,000 top-up from the government. If you're a higher rate taxpayer, you can gain even more through tax relief.

TAX SITUATION

The government substantially enhances up to 45% (or 47% for Scottish rate taxpayers) as tax relief on any contributions you make. This means your money can grow more efficiently and provide a larger nest egg for your retirement. However, remember that your specific tax situation will depend on your circumstances and may be subject to pension and tax law changes.

Investing in a SIPP means securing your funds until you reach a certain age – currently 55, but set to increase to 57 from 2028 onwards. This is an essential factor to consider before opting for a SIPP. In most cases, you can contribute up to £60,000 a year of your earnings tax-free (less any employer contributions). There's no 'right' age to start saving for a pension, but starting early allows your money more time to grow.

INVESTMENT OPTIONS

SIPPs are normally accessible to anyone under the age of 75. Even without an income, you can contribute up to £2,880 each tax year and still qualify for tax relief. For parents, a Junior SIPP offers a way to start investing in your child's future. Remember, though, access to these funds will only be available to your children once they reach the minimum age – again, 55 now, rising to 57 in 2028.

SIPP schemes offer a broad selection of investments you can manage independently or with our expert guidance. They provide a more comprehensive range of investment options, including company shares (UK and overseas), collective investments like Open-Ended Investment Companies (OEICs), unit trusts, investment trusts, property and land. However, residential property is excluded.

ACCELERATING GROWTH

Remember, as with any investment product, the value of your pension may fluctuate. You might not get back the amount you originally invested. Additionally, choosing how to reinvest dividends could also accelerate the growth of your SIPP pension pot, outpacing some employer-based pensions that don't offer the same control and flexibility.

While your employer may contribute to your SIPP, there's no legal obligation for them to do so. This pension scheme allows you to make informed decisions about your savings and where to invest them, standing out from standard employer's pension schemes. ◀

HOW CAN OUR TAILORED RETIREMENT PLANNING SERVICE HELP YOU?

Each SIPP scheme has its own set of rules and investment opportunities. Don't hesitate to contact us if you want to learn more about how a SIPP could fit into your retirement plans. We're here to help you navigate the complexities of pension investment and make informed decisions that align with your financial goals.

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TAX-SAVING MEASURES

WHAT ACTIONS TO REVIEW BEFORE THE 2023/24 YEAR-END?

Have you recently evaluated your personal tax situation? Is your tax structure optimised for efficiency? As we approach the end of the tax year on 5 April 2024, it presents an ideal opportunity to assess and leverage the various allowances and reliefs available to enhance your tax profile. Allocating time for this review can provide valuable insight into potential opportunities for you and your family.

The vast scope and complexity of the UK tax system may seem daunting. However, navigating it with careful planning can lead to significant financial benefits. Understanding your tax affairs is key to maximising your wealth and ensuring your financial future.

TAKE ADVANTAGE OF POTENTIAL RELIEFS OR ALLOWANCES

However, the tax landscape has witnessed considerable changes, making the situation more challenging for taxpayers and investors alike. As we near the end of the 2023/24 tax year, every taxpayer should understand the importance of this date and consider their tax position.

Furthermore, 5 April 2024 marks the end of your personal earnings year. Knowing your yearly income will help you understand your tax band and ensure you take advantage of potential reliefs or allowances. The current tax year officially ends on 5 April 2024. The following day, 6 April 2024, ushers in the 2024/25 tax year.

As the tax year end approaches, we've provided some planning tips to consider:

MARRIAGE ALLOWANCE

This allowance provides a unique opportunity for couples where one partner is a basic rate taxpayer and the other partner's income falls below the personal allowance threshold. With the Marriage Allowance, you can transfer up to £1,260, which equates to 10% of the personal allowance, from the lower-income partner to the higher-income partner.

This transfer can significantly reduce the tax liability for the basic rate taxpayer, potentially saving up to £252 in the current year. It's important to note that this allowance is specifically designed for married couples or registered civil partners. By efficiently utilising this allowance, couples can optimise their combined tax liabilities and make the most of their financial situation.

EMPLOYEE TAX RELIEFS

In the course of your employment, there are several tax reliefs you may be eligible to claim. These provisions are designed to offer financial respite for certain expenses related to your job. One such relief is for professional subscriptions. If you must maintain membership in a professional body as part of your job, you can claim tax relief on these fees.

Another provision is the 'working from home' allowance. This relief is aimed at employees who incur additional costs due to working from home. It's designed to alleviate some financial pressure from maintaining a home office. You may also be entitled to claim relief for business miles travelled in your personal vehicle. If you use your own car for work-related travel, this relief can offer significant savings.

TRADING AND PROPERTY ALLOWANCES

These allowances are aimed at individuals who earn small amounts of income from activities like selling items on eBay or Amazon or renting out spaces on Airbnb. Each of these allowances offers up to £1,000 of tax-free income.

Furthermore, if you rent out a portion of your home, you may be eligible for the Rent-a-Room relief. This relief allows you to receive up to £7,500 tax-free from letting out a room in your home.

INDIVIDUAL SAVINGS ACCOUNT (ISA) ALLOWANCE

You receive an ISA allowance of £20,000 in the current tax year. Contributions can be allocated to a Cash ISA, Stocks & Shares ISA, Lifetime ISA or Innovative Finance ISA. ISAs are a 'tax efficient wrapper' which can make a big difference to your money over time. You can combine your ISA allowances for married couples, enabling you to put up to £40,000 in ISAs between you.

Investors who have yet to use up their full ISA allowance should discuss with us the potential to sell shares yielding dividends outside their ISA and buying them back within this tax-exempt wrapper. However, care should be taken as this could trigger a Capital Gains Tax charge.

JUNIOR ISA (JISA) ALLOWANCE

In the same vein as the ISA suggestions, children are entitled to a Junior ISA (JISA) allowance of £9,000 per annum. Consider funding a JISA to give your children a nest egg when they turn 18.

THE LIFETIME ISA

A Lifetime ISA (LISA) applies to individuals aged 18 to 40 who are either planning to purchase their first home or preparing for retirement. With the ability to invest up to £4,000 annually, the government bolsters your efforts with a 25% bonus, up to a maximum of £1,000 per year. This money can be used to buy a new property (subject to certain restrictions) or accessed when you turn 60 to supplement your retirement income.

PENSION CONTRIBUTIONS

Pension contributions should be a key consideration at the end of each tax year. Contributions to pension schemes can be made on behalf of your minor and adult children and your grandchildren. There are several advantages to doing so. For example, the pension scheme can reclaim basic rate tax from HM Revenue & Customs (HMRC). You'll receive additional tax relief if you're subject to a higher tax rate exceeding 20%. You're establishing a pension fund for your retirement or to pass on to future generations.

In the current tax year of 2023/24, contribution limits have been augmented. The annual pension contribution limit is now the lesser of your relevant earnings or an annual allowance of £60,000 gross, corresponding to a net payment of £48,000.

All UK residents under the age of 75 can contribute up to £3,600 gross (£2,880 net) per year, irrespective of income level. However, suppose your adjusted income (typically your total taxable income plus employer pension contributions) exceeds £260,000. In that case, the annual allowance is progressively reduced by £1 for every £2 of income over

this threshold, down to a minimum of £10,000 gross (£8,000 net) for those with an adjusted income above £360,000.

For individuals aged over 75, no tax relief is provided on contributions made. If you can make additional contributions, you can use any unused allowances carried forward from the previous three years. Reviewing your pension status and that of your family members is crucial for effective financial planning.

'CARRY FORWARD' RULES

The 'Carry Forward' rules allow you to carry forward unused allowances from the previous three tax years if eligible. As we reach this tax year end, you'll lose any unused allowance for the 2020/21 tax year if it remains untapped. Considering these rules when planning your pension contributions would be best.

CAPITAL GAINS TAX ALLOWANCE

In light of the changing landscape for Capital Gains Tax (CGT), it's essential to understand how you can optimise your financial strategy. Before 6 April 2024, you have an opportunity to solidify your capital gains and make the most of the annual CGT exemption, which is capped at £6,000. However, please note that this benefit is not extended to individuals who are taxed on a remittance basis with income and capital gains exceeding £2,000.

One effective method to crystallise capital gains involves strategically selling and repurchasing stocks and shares. This approach enables you to maximise the annual CGT exemption. It offers an opportunity to elevate the base cost for future sales, potentially reducing your tax liability in the long run.

However, knowing the timing and the party involved in the repurchase is crucial. To derive the maximum benefit from this strategy, the repurchase should ideally occur after a gap of more than 30 days. Alternatively, the buyback can be executed by your spouse, registered civil partner or through an Individual Savings Account (ISA).

DIVIDEND ALLOWANCE

For those with invested assets, the dividend allowance can offer substantial benefits. You can receive up to £1,000 per year tax-free, with dividend tax rates applied to amounts over £1,000. The dividend allowance will be reduced to £500 per annum in the 2024/25 tax year.

GIFTING FOR ESTATE PLANNING

Certain gifts can be exempt from Inheritance Tax, immediately leaving your estate upon gifting. These are commonly referred to as exempt gifts and include gifts presented to your spouse or registered civil partner. In addition, contributions to charities or political parties are exempt as well as gifts valued up to £250, provided each gift is given to a different recipient and is the only tax-exempt gift they've received from you within that tax year. This often encompasses birthday and Christmas gifts derived from your regular income.

Also exempt are wedding gifts from a parent to their child up to £5,000, from grandparent to grandchild up to £2,500, or up to £1,000 to anyone else. Additionally, you're allocated an annual exemption each tax year, allowing you to gift cash or property up to the value of £3,000. This can be given to a single individual or divided among several recipients. If the previous year's exemption wasn't utilised, it can be carried forward to the current tax year, effectively doubling the exemption to £6,000. Understanding these exemptions can help in efficient tax planning and potentially reduce your Inheritance Tax liability.

OTHER AVAILABLE ALLOWANCES

Your Personal Savings Allowance (PSA) refers to the amount of savings interest income/growth you can earn tax-free. Current levels are set at £1,000 for basic rate taxpayers and £500 for higher rate taxpayers. Additional rate taxpayers, however, are not entitled to this allowance. ◀

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DON'T LEAVE IT TO CHANCE. ARE YOUR FINANCES ARRANGED AS TAX-EFFICIENTLY AS POSSIBLE?

Time is running out if you want to ensure your personal affairs, family and business affairs and plans for the long term are arranged tax-efficiently. For further information on tax year-end planning opportunities, please get in touch with us. We're here to help you make the most of your money.

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BALANCING PROFIT **AND PLANET**

STRIVING TO USE IMPACT TO BOOST INVESTMENT RETURNS

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Understanding and incorporating ESG risks and opportunities into your investment strategy improves decision-making and enables you to seek more beneficial investment outcomes. By examining and synthesising ESG data, we can help you to make more informed and sustainable investment choices.

PREPARING FOR FUTURE CLIMATE CHANGE

Responsible investing is aligning investments with personal values, investing in what is deemed right, and steering clear of industries or practices that contradict those values. Such issues were highlighted at COP28 last year during the 28th annual United Nations (UN) climate meeting, where governments discussed limiting and preparing for future climate change.

The summit was held in the United Arab Emirates (UAE) from 30 November until 12 December 2023 and reviewed the Paris Agreement progress – the landmark climate treaty concluded in 2015 – charting a course of action to reduce emissions and protect lives dramatically.

APPROACH TO THREE CRITICAL FACTORS

ESG investing is a method of investing that prioritises companies that stand out in their approach to three critical factors. The environmental aspect considers a company's energy use, sustainability policies, carbon emissions and efforts towards resource conservation.

The social component of ESG investing highlights a company's relationships with its employees and the communities it serves. It examines factors like employee welfare, workplace safety and the company's contribution to the community. Governance, the third pillar of ESG, scrutinises a company's leadership, executive pay, audits, internal controls, independence, shareholder rights and transparency.

COMMENDABLE RECYCLING POLICY

However, ESG categorisations can be open to interpretation, complicating matters for investors with specific ethical requirements. For instance, you could unknowingly invest in a sugary drinks manufacturer with a commendable recycling policy, earning it high 'E' scores. But are sugary drinks beneficial for society? Responsible investing can be subjective, with different issues holding varying levels of importance for different individuals.

The growing popularity of ESG investing has also attracted opportunists who falsely represent themselves as ESG businesses or funds. This practice, known as 'greenwashing', is a pitfall that responsible investors need to sidestep.

GUARD AGAINST GREENWASHING

How can ESG investors guard against greenwashing? The key lies in selecting companies with products or services that genuinely address global challenges. This is where 'impact investing' comes into the picture. Impact investing involves choosing companies that aim to impact the planet and its inhabitants positively. It encourages positive inclusion, naturally excluding exposure to undesirable sectors.

It's about investing where there is potential for a positive contribution. By seeking out companies actively working to make a difference, you can be more confident that your investments contribute positively, rather than supporting companies that merely slap on an ESG label without genuinely striving to improve the world. ◀

READY TO LEARN MORE ABOUT ESG AND IMPACT INVESTING?

Feel confident in your investments with the right professional financial advice. Please get in touch with us if you want to learn more about ESG and impact investing or need help navigating this investment landscape. We're here to guide you in making informed, responsible investment decisions.

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

A TAX-EFFICIENT, FLEXIBLE METHOD **FOR FUTURE PLANNING**

TIME IS RUNNING OUT TO USE YOUR 2023/24 ISA ALLOWANCE

Investing in an Individual Savings Account (ISA) is a tax-efficient, flexible method for future planning. One of the most attractive features of an ISA is its tax benefits – it's immune to both Income Tax and Capital Gains Tax on any growth within the fund or on income you withdraw. This makes contributing to an ISA an intelligent decision for those looking to grow their wealth while minimising tax liabilities.

However, remember that if you don't utilise your annual ISA allowance before the end of this tax year on 5 April 2024, it will be lost, resetting on 6 April. Maximising your ISA allowance is crucial to reap the full benefits of this savings tool.

SPREADING YOUR ISA ALLOWANCE

You can distribute your ISA allowance between multiple ISAs, such as a Cash ISA and a Stocks & Shares ISA. They can be with different providers, but your total payments into them can't be more than your £20,000 annual ISA allowance. This allows you to diversify your investments and potentially spread the risk.

Alternatively, you can currently choose to invest the entire £20,000 ISA allowance into one type of ISA, depending on your financial goals and risk tolerance. For married couples, there's an additional advantage. APS (Additional permitted subscription) is equal to the value of the ISA on the date of death. An individual qualifies for APS if their spouse or registered civil partner died on or after 3 December 2014 and were not estranged or separated. It gives you an extra tax-free allowance equivalent to the value of the deceased's ISA.

AUTUMN STATEMENT 2023 ISA RULE CHANGES

Significant changes are coming to ISA rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually. Announced during the Autumn Statement 2023, this is considered one of the most considerable shake-ups of ISA rules for many years.

The new rules are designed to provide further flexibility, enabling savers and investors to move between different providers. By allowing multiple subscriptions to ISAs of the same type every year, the government aims to stimulate competition among providers. This will increase flexibility and choice and support the development of long-term investment products.

NEW ISA RULES FOR TAX YEAR 2024/25

Allowing multiple ISA subscriptions – The government will allow multiple subscriptions to ISAs of the same type every year starting 6 April 2024.

Allowing partial transfers of current year ISA subscriptions between providers – Partial transfers of ISA funds relating to current year ISA subscriptions are allowed between providers starting 6 April 2024 (currently partial transfers can only relate to previous year subscriptions)

Removing the requirement to reapply for an existing ISA annually – Removal of the requirement to reapply for an existing dormant ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include Long-Term Asset Funds – Long-Term Asset Funds to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Expanding the Innovative Finance ISA to include open-ended property funds with extended notice periods – Open-ended property funds with extended notice periods are to be permitted investments in the Innovative Finance ISA from 6 April 2024.

Allowing certain fractional shares contracts as a permitted investment – Certain fractional shares contracts are to be allowed as eligible ISA investments (the government will engage with stakeholders on implementation).

Digitalising the ISA reporting system – Digitalisation of the ISA reporting system to enable the development of digital tools to support investors announced.

Harmonising ISAs to those over 18 years of age – The government will harmonise the account opening age for any adult ISAs to 18 from 6 April 2024. ◀

WANT TO MAKE YOUR MONEY WORK MORE TAX-EFFICIENTLY WITH AN ISA?

If you want to discuss your ISA options or learn more about the benefits of ISAs and how to maximise your annual allowance, don't delay, please get in touch with us. We are here to provide the information you need to make informed decisions about your financial future.

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SUCCESSION PLANNING, **A FAMILY AFFAIR**

A DELICATE PROCESS THAT REQUIRES CLEAR COMMUNICATION AND EFFECTIVE PLANNING

Transferring wealth within a family is a delicate process that requires clear communication and effective planning. Otherwise, it could lead to a potentially large tax bill and bad feelings in the family.

This narrative was depicted in the hit American HBO series 'Succession', which centred on the Roy family, the owners of global media and entertainment conglomerate Waystar RoyCo, and their fight for control of the company amidst uncertainty about the health of the family's patriarch.

SIMPLIFYING THE PROCESS AND MAXIMISING TAX EFFICIENCY

By engaging in succession planning, you can ensure your assets are distributed according to your wishes, simplifying the process and maximising tax efficiency. Before diving into these conversations, consider these questions: When do you want to transfer your wealth? How much wealth do you want to pass on? Who do you want to pass your wealth on to? How do you want to transfer your wealth?

The question of when to transfer your wealth isn't limited to bequests in your Will. Some strategies for transferring assets during your lifetime may offer various benefits. However, a well-maintained and up-to-date Will is the cornerstone of effective succession planning. It should reflect your current circumstances, objectives and legal considerations in the jurisdictions where you hold assets.

> **"DETERMINING WHO WILL INHERIT YOUR WEALTH IS OFTEN ONE OF THE MOST STRAIGHTFORWARD QUESTIONS TO ANSWER, YET IT'S DEEPLY PERSONAL. THIS DECISION IS USUALLY INTERTWINED WITH CONSIDERATIONS ABOUT TIMING."**

DON'T COMPROMISE YOUR OWN STANDARD OF LIVING

Professional advice and regular reviews of your Will are recommended – every two to three years or following significant life changes such as marriage, divorce or childbirth. In certain regions, like England and Wales, marriage voids any existing Will unless made in contemplation of the marriage.

To maintain the 'real' value of your legacies, consider linking them to inflation. Transferring wealth through your Will ensures you don't compromise your own standard of living. Alternatively, gifting during your lifetime allows you to witness the joy your beneficiaries derive from your generosity. For those subject to UK taxes, this can also be a more tax-efficient method of wealth transfer.

SHARING WEALTH AND MAINTAINING YOUR LIFESTYLE

Striking the right balance between sharing your wealth and maintaining your lifestyle is critical. The uncertainties of recent years have underscored the importance of preparing for the unexpected. This preparation involves running various scenarios and 'stress testing' the financial outcomes through cash flow planning. This can include testing against different investment return outcomes, inflation projections and potential long-term care costs.

Cash flow 'stress testing' provides invaluable insights when considering more significant gifts. It shows how much you can afford to give away during your lifetime, accounting for worst and best-case scenarios. This approach acknowledges

that predicting the future with accuracy is impossible. After all, who would have predicted double-digit inflation in major economies a year ago?

A TRUST STRUCTURE CAN BE AN IDEAL SOLUTION

Determining who will inherit your wealth is often one of the most straightforward questions to answer, yet it's deeply personal. This decision is usually intertwined with considerations about timing. For instance, if you're prioritising the long-term wellbeing of your young grandchildren, a trust structure can be an ideal solution. This arrangement could assist with significant future expenses such as private education, university fees or property acquisitions.

Trustees have the discretion to distribute the funds to the beneficiaries according to the stipulations of the trust deed. Additionally, by becoming a trustee yourself, you retain some control over the process. This option can be particularly valuable if a beneficiary has special requirements, as the trust can be tailored to protect their long-term interests. There's also the option of allocating part of your wealth to charities with a special place in your heart.

THE MOST EFFECTIVE WAY TO MEET YOUR GOALS

The method of transferring your wealth often becomes clear once you've addressed the 'who', 'what' and 'when'. Timing is a significant factor in this decision, alongside the practicality of making financial gifts during your lifetime. You must decide whether to make outright transfers or establish a trust structure if feasible. Despite adding a layer of complexity, a trust might be the most effective way to meet your goals.

Importantly, initiating conversations about future financial arrangements with your loved ones is crucial. Achieving the right balance between enjoying your current income and capital while efficiently passing wealth to your family requires careful thought. ◀

DO YOU KNOW THE BEST WAYS TO PASS ON YOUR WEALTH?

The intricacies of wealth transfer can be daunting, but you don't have to navigate it alone. If you need further information or wish to discuss your wealth transfer plan in more detail, please don't hesitate to contact us. We're ready to guide you towards a secure financial future for you and your loved ones.

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ESTATE PLANNING, TAX, CASHFLOW MODELLING, AND TRUSTS AND WILLS ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

FINANCIAL **ROAD MAP FOR 2024**

HOW TO DEVISE A ROBUST PLAN FOR WEALTH ACCUMULATION AND PROTECTION

Understanding your financial situation is crucial to achieving both short-term and long-term objectives. With a detailed insight into your finances, you can maximise your assets and devise a robust plan for wealth accumulation and protection.

As we enter 2024, let's explore what to consider for the new year.

UNDERSTANDING YOUR FINANCIAL STATUS

Knowing where you stand financially is important. Understanding your financial status, income and expenditure requires asking yourself a number of questions.

What is my total income? What are my fixed expenses? What are my variable expenses? Do I have any outstanding debts? How much do I save and invest each month? Do I have an emergency fund? What are my personal and financial goals?

ASSESSING YOUR INVESTMENTS

If you have investments, it's essential to know their details. Where are they invested, and what is their current value? Are there ways to make these holdings more tax-efficient, such as maximising your annual investment allowance for your Individual Savings Account (ISA)?

Also, consider if your lifestyle or risk tolerance has changed since you made these investments. Knowing your risk appetite helps determine if your investments align with your goals or if changes are necessary.

PENSION SIMPLIFICATION

Pensions are a vital part of your financial fitness journey. You need to pay attention to your pension plans until retirement so you don't miss out on potential benefits. Take the time to track down old pension plans, especially those associated with previous employers.

If these aren't providing good value or necessary features, consider consolidating them or consulting with us to review your options. Ensuring your pension works effectively is crucial to meeting your long-term financial objectives.

ACCOUNTING FOR FAMILY CIRCUMSTANCES

Consider maximising combined incomes and capital if you're married or in a registered civil partnership. Transferring assets between you could result in tax planning benefits and increased ISA allowances. It's equally important to consider unique financial circumstances.

For instance, if there's an age gap, ensure long-term financial stability for the younger partner. If you've separated from a partner, disentangle your finances and seek professional advice from us to understand your new financial status.

EVALUATING YOUR HOME OWNERSHIP

As a property owner, it's crucial to understand how this impacts your financial standing. Do you own several properties? Are you grappling with a mortgage? If yes, are you aware of your existing interest rate, mortgage term and the potential timeframe for full repayment?

Have you considered the prospect of renting out a property for additional income? Maintaining an overarching perspective on the financial consequences of your property ownership is vital to ensuring your fiscal wellbeing.

SECURING YOUR FUTURE

No one enjoys contemplating the unexpected, yet it's an unavoidable aspect of life. What if circumstances prevented you from working and earning an income? Could you meet your living expenses comfortably? Regularly evaluate your protection policies, both personal and those associated with your employment. Are they current and valid?

Are you under-insured? Maybe you've changed jobs, and a previously accessible plan is no longer available, necessitating a replacement. It's wise to have contingency measures in place – just in case.

PROJECTING YOUR RETIREMENT INCOME

Everyone dreams of a comfortable lifestyle post-retirement, but not all know what they

can afford. You can better understand your potential income post-retirement by thoroughly examining your current assets. If you're still in the income accumulation phase, continue saving and investing a targeted amount monthly to help achieve your ideal retirement.

If retirement is looming, you need to understand the income you'll receive from your pension, savings and investments. This can help you adjust your spending habits to align with your desired retirement lifestyle.

PLANNING YOUR LEGACY

Once you have a robust financial plan to meet your future income and capital needs, you might discover surplus funds you'd like to distribute to loved ones or charities posthumously through your Will. Creating or updating your Will need not be a gloomy task.

It's a positive personal responsibility that can reassure and support your loved ones after you're gone. Ensure your Will accurately encapsulates your estate distribution wishes. Obtain professional advice when drafting a Will to ensure it fulfils your needs.

GIFTING AS A WEALTH STRATEGY

If your financial circumstances permit, gifting a portion of your wealth to family and friends may be a viable strategy. You have the opportunity each year to gift a specific amount without incurring potential Inheritance Tax liability. If you're contemplating this option, we can explain and help you understand the allowances at your disposal and how to maximise their benefit for your loved ones.

You may also want to explore charitable gifting. By spending time strategising the support you wish to provide – both now and in the future, as well as your legacy – you can ensure your generosity is as effective as possible. This amplifies the impact of your giving and may yield tax relief benefits for you and your estate.

ANNUAL FINANCIAL REVIEW

Looking towards the future often reveals opportunities for further financial optimisation. Many personal and tax allowances are renewed annually, making an annual review of your investments and finances a prudent practice.

This review could involve streamlining your pension plans, ensuring your savings are as tax-efficient as possible or identifying new investment opportunities. We'll help you navigate these areas effectively and align your decisions with your long-term financial aspirations. ◀

TIME FOR PROFESSIONAL ADVICE TO ENSURE YOUR PLANS ALIGN WITH YOU AND YOUR GOALS?

Understanding and managing your finances can be complex, but you don't have to face it alone. If you're seeking further information or wish to delve deeper into your financial planning for 2024 and beyond, please get in touch with us. We'll guide you towards a secure and prosperous financial future.

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SECURING **RETIREMENT**

THE ART OF DE-RISKING

For many individuals, their pension investments are allocated to funds. These could be funds selected by their pension provider or ones they've chosen independently. Traditionally, retirement planning has centred around investing in shares-based funds during one's younger years. As retirement approaches, the strategy typically shifts to de-risking the portfolio, diversifying into bonds, cash and shares.

However, this strategic shift could leave some savers worse off if they fail to communicate their planned retirement age to their pension provider. De-risking pension savings is a common practice many individuals and organisations adopt as they approach retirement. The traditional convention involves transferring assets into less risky investments to protect them from market volatility in the lead-up to retirement.

This strategy is often implemented in defined contribution (DC) schemes, where clients' funds are automatically shifted into cash and bonds as they near their standard retirement age. Pension schemes transition money from higher-risk stocks and shares to lower-risk assets like government bonds as you near retirement – the process is also known as adopting a 'lifestyle' strategy.

DE-RISKING TIMELINE

Investing in stocks and shares is inherently more volatile than bonds, making this shift a protective measure for your pension value, especially when there's less time for investments to recover from a sudden dip.

The pension provider decides the de-risking timeline based on your expected retirement age. Hence, savers must keep their pension scheme updated about their retirement plans and clearly understand how their money is managed.

TARGET RETIREMENT AGE

At the age of 50, it might be challenging to ascertain precisely when you plan to retire. However, ensuring your pension scheme knows your target retirement age is vital for timely de-risking. Otherwise, you may miss out on the full benefits of the investment growth phase, resulting in less money than anticipated at retirement.

Pension schemes typically shift your money from a growth fund, primarily composed of stocks and shares, to a consolidation fund dominated by bonds five to fifteen years before your stated retirement date. Bonds, essentially loans to governments or companies, offer a fixed interest rate or coupon, providing a lower investment risk avenue.

SCHEME'S DEFAULT FUND

However, prematurely transitioning from equities could affect your investment returns. Should you then stick with risk? Bonds are typically viewed as a shield against stock market fluctuations, as they usually rise in value when share prices drop. This makes them appear as a safe haven against market volatility.

However, the turbulence witnessed in stock and bond markets over the past few years challenges this long-standing theory. If you prefer not to de-risk your investments, you could request your money to be moved out of the scheme's default fund and into an alternative one that won't be 'lifestyled'.

> **"AT THE AGE OF 50, IT MIGHT BE CHALLENGING TO ASCERTAIN PRECISELY WHEN YOU PLAN TO RETIRE. HOWEVER, ENSURING YOUR PENSION SCHEME KNOWS YOUR TARGET RETIREMENT AGE IS VITAL FOR TIMELY DE-RISKING."**

VARIOUS LIFESTYLING OPTIONS

Lifestyling is a unique investment approach designed to protect your pension savings by automatically transferring them into lower-risk funds as you retire. This strategy aims to align your pension savings with your retirement plans, reducing risk as you edge closer to your golden years.

There are various lifestyling options, each tailored to the specific needs of different pension plans. Your choice of lifestyling strategy could shield you from short-term falls in your pension savings

value as you near retirement. It's all about aligning your pension savings with your future plans and aspirations.

ADVERSE EFFECTS OF INFLATION

The reality of inflation is that everyday essentials become more expensive over time, causing your money's buying power to diminish. This is where lifestyling can come in handy, acting as a protective barrier against the adverse effects of inflation on your pension savings.

Despite its focus on risk reduction, it's crucial to remember that lifestyling only partially eliminates risk. Like any investment, the value can fluctuate, potentially decreasing and increasing. As such, your returns may not equal your initial investment.

INDIVIDUAL SITUATIONS AND NEEDS

When choosing a lifestyle strategy, it's essential to consider how you plan to utilise your pension savings. Every individual's situation and needs are unique, so a one-size-fits-all approach may not be the best route.

Remember, everyone's retirement needs and risk tolerance vary. A standardised lifestyling approach may not align with your unique financial goals and circumstances. ◀

NEED MORE INFORMATION?

If you have any questions or require further information about managing your pension investments effectively, don't hesitate to contact us. We are here to assist you in navigating the complexities of retirement planning. Your financial future is our top priority.

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CHARTING YOUR **FINANCIAL FUTURE**

TACKLING RETIREMENT ANXIETIES REQUIRES UNDERSTANDING YOUR CURRENT FINANCIAL RESOURCES

Retirement is often seen as the golden phase of life, a period earmarked for relaxation and pursuing personal interests. However, a recent study has pointed towards an increasing trend of 'retirement anxiety', especially among individuals aged over 40[1].

This anxiety stems from both financial and emotional concerns, with rising living costs adding to the financial strain. Many adults (39%) fear their savings might not suffice for their retirement years, while 33% worry about affording the activities they wish to undertake.

EVALUATING EXISTING RESOURCES

The initial step towards addressing these concerns is understanding your current financial resources. This includes pensions, Individual Savings Accounts (ISAs), other investments and potential rental income. The State Pension, which stands at £10,600 for the tax year 2023/24, can also supplement your retirement income. By evaluating your existing resources, you can gauge how close you are to the retirement lifestyle you envision.

WELL-THOUGHT-OUT PLAN

Having identified your potential needs and current resources, the next step is strategising to fill any savings gaps. Unfortunately, the study highlights that 43% of adults have yet to save enough for retirement, and 27% regret not planning earlier. A well-thought-out plan can alleviate these concerns. Remember, pension savings offer 20% to 45% relief depending on your marginal tax rate, and your employer's contribution can further enhance your retirement fund.

WELL-THOUGHT-OUT PLAN

In today's economic climate, the study also highlighted that 29% of adults struggle to save for retirement while maintaining their current lifestyle. Regardless of the financial pressures, resisting the temptation to dip into your retirement savings prematurely is crucial. A well-thought-out plan can help you identify areas for potential cutbacks to grow your savings. A good rule of thumb is to allocate 50% of your income to essentials, 30% to discretionary spending, and save the remaining 20% or use it to reduce debt.

> **"CONSOLIDATING MULTIPLE PENSIONS INTO ONE POT COULD LOWER ANNUAL FEES AND SIMPLIFY MANAGEMENT. THIS PROCESS INVOLVES MOVING YOUR PENSION SAVINGS FROM MULTIPLE SCHEMES INTO ONE, WHICH CAN OFFER SEVERAL ADVANTAGES."**

MULTIPLE PENSION SCHEMES

Consolidating multiple pensions into one pot could lower annual fees and simplify management. This process involves moving your pension savings from multiple schemes into one, which can offer several advantages. Having all your pension savings in one place

allows you to explore and opt for funds better suited to your financial needs and goals. However, seeking professional advice is crucial before deciding on pension consolidation. Individual circumstances vary greatly, and a strategy that works well for one person may not be ideal for another. Always ensure you fully understand the potential implications of pension transfers before proceeding.

REEVALUATING RETIREMENT

The rising cost of living and the current economic climate have caused many adults concerns regarding their retirement plans. With 39% expressing worry about the impact on their future, now might be a prime time to reevaluate how you plan to draw your income during retirement. Retirement no longer signifies a complete withdrawal from professional life for many. The research shows that 17% of adults fear being stereotyped as 'old' post-retirement, while 14% are apprehensive about losing their identity once they stop working.

SIGNIFICANT LIFE EVENTS

Remember, retirement is what you make of it, whether that means kickstarting a new business, opting for a 'flexible retirement', working part-time or choosing a path that brings you joy and aligns with your values. For many, retirement always seems like a distant prospect, even when looming closer than we think. It's one of those significant life events that can significantly benefit from expert guidance. ◀

I WANT TO DISCUSS HOW TO NAVIGATE MY RETIREMENT JOURNEY CONFIDENTLY AND SAFELY

We're here to provide support and help you understand the complexities of retirement. If you're contemplating professional advice, we're just a call away. For further information or to discuss your specific circumstances, please get in touch with us. We'll help you navigate your retirement journey confidently and safely.

Source data:

[1] https://www.abrdn.com/en-gb/personal/news-and-insights/dont-let-retirement-anxiety-push-you-off-track

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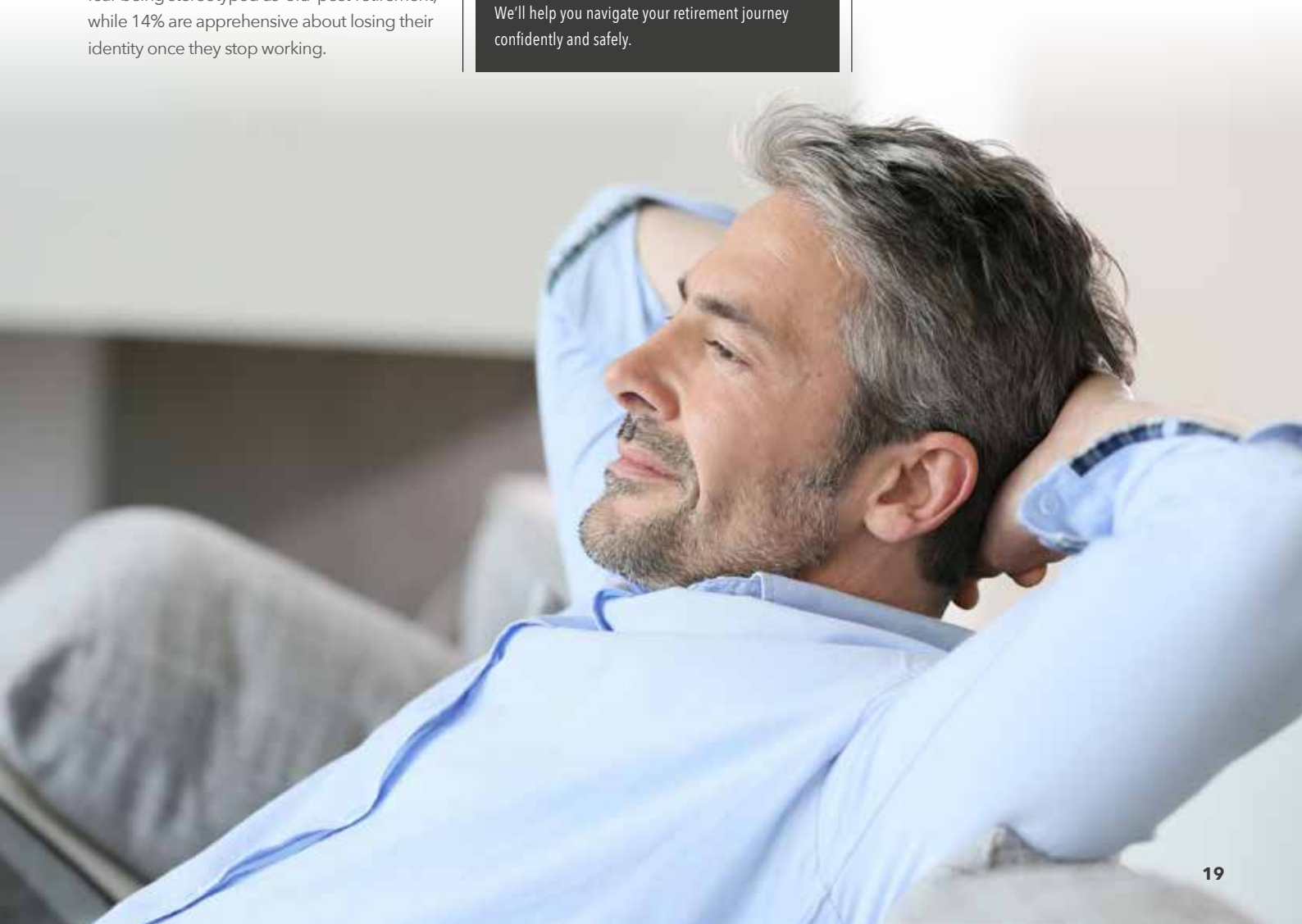

MAKE THE MOST **OF YOUR WEALTH**

OPENING UP A WORLD OF POSSIBILITIES FOR YOUR FUTURE

Like health, the more meticulously you manage your wealth, the longer it lasts. A growth strategy seeks to amplify your wealth over the long haul, opening up a world of possibilities for you. Whether you dream of a large retirement fund, a holiday home or providing top-tier education for your children or grandchildren, a growth portfolio could be your ticket.

Choosing a growth investment strategy hinges on factors such as age, investment timeframe, risk tolerance and life goals. Given its long-term nature, growth investing tends to be a good fit for younger investors – those in their 20s, 30s, or 40s – eager to optimise their investments by targeting the higher returns that growth portfolios aim to deliver.

GROWTH STRATEGY

Contrary to popular belief, a growth strategy is for more than just the young. It can also be a compelling route for seasoned investors who view their capital as a legacy to be nurtured for future generations. Growth portfolios lean towards asset classes like equities and multi-asset funds, which offer the best potential for yielding higher, long-term capital returns.

Growth investors strive for increased exposure to sectors and regions projected to experience above-average long-term growth within these asset classes and funds. This is based on meticulous analysis and stringent investment criteria and may involve carefully managed investments in emerging markets or tech stocks.

RISK APPETITE

Everyone has a different risk appetite and tolerance for losses when investing. Some investors are highly risk-averse, sticking to savings accounts, while others might be drawn to higher-risk investments like stocks and shares.

Staying invested for the long haul, rather than attempting to trade and time the market actively, is one of the most effective ways to mitigate risk. The age-old wisdom of diversifying your investments – essentially, not putting all your eggs in one basket – rings true here. Betting all your funds on one particular stock or sector is more akin to gambling than investing.

REINVESTING CAPITAL

Growth strategies also capitalise on the power of compounding by reinvesting capital and dividends. You may have reached a stage where you want to convert your assets into regular payments that support a comfortable lifestyle or afford life's luxuries. This tends to be especially crucial for those planning retirement, funding care costs, supplementing their primary income or financing education.

There's no universal answer, as the level of income you need is as unique as you are. It depends on your lifestyle, age, health and goals. Your regular expenses can range from bills and food to significant expenditures like mortgage payments and maintenance costs. And that's before considering discretionary spending on holidays, hobbies or education.

SUFFICIENT INCOME

Striking the perfect balance involves drawing sufficient income from your investment without undermining its value. Our role is to guide you in achieving this equilibrium through a diversified investment strategy crafted uniquely for you.

Dividend and interest payments alone may not meet your cash flow needs. Hence, our attention is concentrated on achieving an

ideal income level, all while ensuring that the risk involved aligns with your comfort zone.

INVESTMENT PORTFOLIO

Another critical aspect to consider is making provisions for inflation within your strategy. The goal is to develop a strategy to preserve the real-term value of income derived from your portfolio. We'll help you explore options and structure your portfolio to cater to your needs.

Withdrawing large amounts from your savings and investments portfolio will inevitably reduce your base capital. Your remaining funds must then work harder and could run out sooner than anticipated. Inflation will also significantly threaten long-term savings, making incorporating this factor into your strategy essential. ◀

ARE YOU LOOKING FOR AN INVESTMENT STRATEGY BUILT ENTIRELY AROUND YOU?

After thoroughly understanding your specific needs, including your preferred investment timeline, risk tolerance and ability to withstand potential losses, we will design a custom investment portfolio that aligns with these goals. To find out more or to discuss your requirements, please get in touch with us.

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"GROWTH STRATEGIES ALSO CAPITALISE ON THE POWER OF COMPOUNDING BY REINVESTING CAPITAL AND DIVIDENDS. YOU MAY HAVE REACHED A STAGE WHERE YOU WANT TO CONVERT YOUR ASSETS INTO REGULAR PAYMENTS THAT SUPPORT A COMFORTABLE LIFESTYLE OR AFFORD LIFE'S LUXURIES."

GENDER PENSION GAP

THE POTENTIAL BARRIER TO REACHING THE SAME SAVINGS LEVELS AS MEN

The gender pension gap is an issue that extends beyond just the disparity in earnings between men and women. It also encompasses other aspects such as financial confidence, engagement with financial products and socio-economic factors.

According to new research, women are 33% more likely than men to say they do not understand how their pension works, indicating a lack of financial confidence[1]. This lack of confidence may explain why some women are less likely to engage with financial products. For instance, women are 38% less likely than men to have a Stocks & Shares ISA and 32% less likely to have a private pension.

CAREER BREAKS FOR CHILDCARE

This engagement gap, along with other factors like the gender pay gap, could result in young women in the UK (aged 22 to 32) having just £12,873 per year by the time they retire in the 2060s. In contrast, young men are projected to have nearly a third more, receiving an average of £19,803 in annual income.

The research highlights the gender pay gap also contributes significantly to the gender pensions gap. By the age of 27, women already earn £10,000 less than men of the same age. Other factors impacting women's pension savings include being less likely to hold senior leadership positions and being more likely to take career breaks for childcare.

REACHING THE SAME SAVINGS LEVELS

According to the research, young women are currently projected to have £300k less in their pension pots than their male counterparts by the time they reach the current State Pension age. Women are also more likely to work part-time or on reduced hours, take career breaks for childcare, act as unpaid carers or need time off work for medical reasons, such as menopause.

In addition, women often self-identify as having lower confidence regarding savings and investments. This presents another potential barrier to reaching the same savings levels as men.

Addressing this issue requires a multi-faceted approach that includes promoting financial literacy among women, creating policies that support women during career breaks and addressing the gender pay gap. ◀

READY TO SECURE YOUR FINANCIAL FUTURE TODAY?

The gender pension gap is a pressing issue. If you have any concerns, we can help you overcome them with the right actions. Don't let it dictate your retirement. You can secure your financial future with the right knowledge, planning and action. To find out more and to discuss your situation, please get in touch with us. We look forward to hearing from you.

Source data:

[1] Analysis based on the following research and assumptions for Legal & General by Opinium Research conducted 2,000 online interviews of people aged 22-32 between 15–29 August 2023 - CPI = 3% • Salary premium = 1% - Salary increase = 4% p.a. (this assumes that salary increases on an annual basis up to retirement at 68) - Median male salary at age 27 = 35,000 - Median female salary at age 27 = 25,000 - Start saving into a workplace pension at age 22, retiring at age 68 -Investment return on pension pot, assuming broad 60/40 asset split, (7% p.a., 4% real) - Qualifying earnings – Currently (£6,240 to £50,270), Historical years (actual LEL and UEL), Future years (increased annually by CPI assumption) - Income based on current Legal & General annuity - fixed rate, single person annuity at age 68, with a 10-year GMPP. Women are 33% more likely than men to say they do not understand how their pension works - 320 (men) – 425 (women) = 105. 105 / 320 = 32.8125% (33%) Women are 38% less likely than men to have a Stocks & Shares ISA - 324 (men) – 201 (women) = 123. 123 / 324 = 37.962962962963% (38%) Women are 32% less likely to have a private pension - 324 (men) – 221 (women) = 103. 103 / 324 = 31.79012345679% (32%)

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HEIGHTENED INTEREST RATES **INCREASE DEMAND FOR ANNUITIES**

WHAT WILL YOU DO WITH YOUR HARD-EARNED PENSION POT AT RETIREMENT?

As we navigate life's journey, retirement presents both a dream and a challenge. It's the stage where we finally enjoy the fruits of our labour, a time for relaxation, exploration and personal growth. But the question that often looms is how can we ensure a steady income stream that keeps pace with our aspirations and maintains our lifestyle? Enter the world of annuities.

Annuities in recent years have often been overlooked in the retirement planning conversation. But current heightened interest rates have increased demand for annuities, offering unparalleled peace of mind, knowing that your basic needs will be covered, irrespective of how the financial markets perform.

SECURING THE BEST POSSIBLE DEAL

They offer a steady, guaranteed income throughout your retirement years or for a specific period. But given the irreversible nature of purchasing an annuity, it's imperative to thoroughly explore your choices, select the most suitable type and secure the best possible deal.

Annuities provide a practical means of converting your accumulated pension savings into a lifelong source of income. Comparing rates across various providers is essential once you determine your required income level. This process, known as the 'open market option', allows you to bypass your provider's offer and potentially secure a higher rate with another provider.

BOOSTING YOUR RETIREMENT INCOME

Shopping around could boost your retirement income by as much as 20%. To put it in perspective, simply by exploring your options, you could increase your retirement earnings by nearly £6,000. Recent analysis reveals that a 66-year-old with a £100,000 pension pot can now purchase an annuity yielding an annual income of £7,000 – an increase of £174 compared to last year[1].

The analysis highlights a striking difference between the best and worst annuities available. For a 66-year-old with a £100,000 pension pot, rates can vary by up to 3.6% – equating to a potential annual income discrepancy of £254 or £5,945 over an average retirement period[2].

MAKING THE RIGHT CHOICE

Securing the right annuity for your needs can seem daunting, given the variety of options available. This one-time, typically irreversible decision is vital, and understanding the different types of annuities can greatly facilitate the process.

When choosing an annuity, you can select a conventional level-income annuity, which ensures consistent payments throughout your life. Alternatively, an increasing annuity starts with a lower initial income, but your payments increase annually in line with inflation or a predetermined rate, such as 3% or 5%. It's essential to carefully consider the options' costs and benefits to make the most suitable choice.

SELECTING AN ANNUITY

Your marital status is another significant factor in selecting an annuity. If you opt for a single-life annuity, it will only pay out during your lifetime. In contrast, a joint-life annuity provides a full payout to you during your life and, after your death, it typically pays 50% of that amount to your partner until their demise.

Another option worth considering is a guaranteed income period. Under this plan, payments continue until the end of a chosen period (usually five or ten years), even if you pass away prematurely. In such a scenario, the income would be paid to your beneficiaries or estate, offering them financial security.

CERTAIN LIFESTYLE CONDITIONS

An enhanced annuity may be the right option for those with certain lifestyle conditions or medical history. Whether you smoke, are overweight, have type 2 diabetes, or have suffered from cancer, heart disease or other life-threatening conditions, you may be eligible for an enhanced annuity, which results in higher payouts.

The rates are increased to reflect the potential impact of these conditions on your lifespan. Even conditions like excess weight or high blood pressure could qualify you for an enhanced annuity. ◀

WILL YOU ENJOY A GUARANTEED INCOME IN RETIREMENT?

When contemplating the purchase of an annuity, you must receive all necessary professional financial advice and guidance before deciding. We're here to help you navigate these complex decisions and explore your options. If you require further information or assistance, please don't hesitate to contact us.

Source data:

[1] As of 30/9/23, a standard lifetime annuity with a rate of 7% for a single life with a £100k premium, 66 years old, with a 5-year guarantee. Based on a level benefit that is paid monthly in advance.

[2] As of 30/09/2023, Legal & General Retail estimates that an average 66-year-old with a standard level of health will have a life expectancy of 90 years.

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THE FORGOTTEN TASK ON **BRITONS' TO-DO LIST**

FINANCIAL PITFALLS THAT COULD EASILY HAVE BEEN AVOIDED

Managing retirement plans and paperwork can seem daunting in our fast-paced, constantly evolving world. Yet, it's an essential chore that should not be pushed aside. Not staying up-to-date with your retirement plans can result in financial pitfalls that could easily have been avoided.

But worryingly, according to new research, 32% of Britons place pension administration at the bottom of their to-do list, even ranking it below managing hair and beauty appointments or planning holidays[1].

Interestingly, more than a fifth (22%) of pension savers confess that they fail to check their pension annually, not due to apathy but because they are uncertain about the process. An additional one in seven need help finding their pension information.

PENSION ENGAGEMENT SEASON IS A TIME FOR A RETHINK

As Pension Engagement Season gears up, it is concerning to note that pensions rank last on Britons' 'life admin' to-do lists. This is despite pensions' crucial role in shaping people's financial futures. The task of managing personal appointments with hairdressers or beauticians takes precedence over pension paperwork for 24% of respondents. Meanwhile, 18% prioritise planning holidays over reviewing their pension plans.

When consumers finally tackle pension administration, the research reveals that 27% only check their pension once a year or less frequently. Alarmingly, 14% confess to never having inspected their pensions.

KNOWLEDGE GAP IS A BARRIER TO PENSION MANAGEMENT

Among those who do not check their account at least annually, a fifth (22%) admit that they refrain from doing so simply because they lack knowledge about the process. This percentage escalates to a third (34%) among 35-54-year-olds, compared to 26% of 18-34-year-olds and 11% of over-55s.

A total of 16% of those who infrequently check their pension claim that they do not know where to access the information. Furthermore, 15% confess that they don't know how to check it, while 13% feel their savings are too meagre to warrant engagement with their pension. Additionally, 12% avoid reviewing their pensions because they find the process overwhelming.

UNDERSTANDING YOUR CURRENT PENSION STATUS

It's not uncommon for many of us to be in the dark about the exact amount we've saved up in our current pension plan. However, it's crucial to clearly understand your savings as this can reveal gaps between what you already have and what you might need for a comfortable retirement.

Your review should consider everyday expenses, occasional splurges like gifts and holidays, large purchases, and an emergency fund for unexpected costs. Remember to include any pensions from former employers or personal plans in your assessment. If you suspect that you've misplaced some pension information over time, the government's pension tracker website is a resource that could help.

LEVERAGING WORKPLACE PENSIONS

In today's economic climate, short-term spending needs may take precedence. Nevertheless, when presented with an opportunity to join a workplace pension scheme, it's generally advisable to seize it. Most employers must auto-enrol their employees into a workplace pension scheme, but you might still be offered a pension plan even if you're not eligible for auto-enrolment.

Workplace pension schemes comprise your contributions (usually 5% or more of earnings, this can vary depending on the arrangement

with your employer), deducted directly from your salary before tax, and your employer's contribution, which must be at least 3% of your earnings. Many employers offer to match your additional payments, so ensuring you're maximising this benefit is worthwhile.

REGULAR REVIEWS OF YOUR PENSION INVESTMENTS ARE ESSENTIAL

Consider upping your pension contributions. Even small, regular monthly payments can accumulate significantly over time, thanks to the power of compounding. Also, contemplate making one-off payments into your pension, such as when you receive a work bonus or an inheritance.

Life is ever-changing, and your retirement plans should adapt accordingly. Your envisioned retirement age may have shifted, or your financial circumstances may have evolved. It's important to note that you don't have to wait until the State Pension age (currently 66) to access your workplace or private pensions. You can typically begin drawing from these at age 55, although this will increase to 57 from 2028.

However, accessing your pension benefits early could restrict future savings and leave you with a smaller retirement income. Furthermore, your investment choices when establishing your plan may need to be revised. Regular reviews of your pension investments are essential to ensure they continue to align with your goals.

DIVERSIFYING YOUR INVESTMENTS OVER TIME

Pension savings, being invested funds, can fluctuate in value. However, these fluctuations shouldn't cause undue worry. Remember, pensions are long-term investments that usually yield better returns over extended periods than traditional savings accounts.

To mitigate the risk of significant fluctuations, consider diversifying your portfolio by investing in various asset types. Most workplace default investment options already provide this diversification, and many personal pensions offer packaged investment options for those who prefer to avoid building their portfolios.

SIMPLIFYING YOUR RETIREMENT AND CONSOLIDATING PENSION PLANS

Pension administration can prove challenging, especially if you've accumulated several plans over the years from different jobs. Consolidating these into one plan can streamline your paperwork, provide a clearer view of your overall pension value, simplify investment tracking and potentially reduce charges.

However, consolidation is only suitable for some. There's no guarantee of a better pension plan through consolidation, and you might lose valuable benefits or guarantees from other plans. Thus, seeking advice before consolidation is crucial. ◀

WILL YOU APPROACH YOUR RETIREMENT PLANNING JOURNEY WITH CONFIDENCE?

For more information or to discuss your retirement plans, feel free to get in touch. We're here to help you navigate your retirement planning journey with confidence.

Source data:

[1] Research conducted amongst 2,000 UK adults on behalf of Standard Life by Opinium from 29 August–1 September 2023.

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INVESTING **AFTER RETIREMENT**

PRESERVING WEALTH FOR YOUR FUTURE LIFESTYLE

After a lifetime of hard work, you've successfully built a substantial and comfortable retirement account. Congratulations are in order. You've officially entered the golden years of retirement! Now, it's time to enjoy the fruits of your labour, provided you've laid the groundwork for a well-prepared retirement. But investing after retirement is quite distinct from accumulating wealth during your working years.

The approach of steadily building your investment portfolio, benefiting from pound cost averaging and return compounding, worked well during your earning years. A low-maintenance 'set and forget' strategy, with occasional rebalancing, might have been all you needed. But when you retire, the investment dynamics change.

DON'T UNDERESTIMATE YOUR LIFESPAN

Entering retirement might bring a sense of accomplishment but can also usher in doubts. You might question whether you've amassed enough resources, how to optimise them, and what to do if unforeseen circumstances arise.

If you're transitioning out of work entirely, you may experience a significant shift in perspective. It can be psychologically challenging to watch your net worth decrease after a lifetime of seeing it grow. Planning ahead can alleviate this stress. Begin by defining your financial goals and estimating their costs. Additionally, don't underestimate your lifespan. The average life expectancy in the UK during 2023 was 81.77, but if you're in good health in your sixties, you are likely to live longer[1].

'NECESSARY EXPENDITURES' AND 'DESIRED EXPENDITURES'

This will likely involve distinguishing between 'necessary expenditures' and 'desired expenditures'. Compare these projected expenses against your known income sources – state and defined benefits pensions, any annuities due – to determine how much your personal pensions, capital and investments need to generate to cover any deficit.

In your retirement income strategy, you'll encounter three major risks: inflation, longevity and market volatility. Each requires a unique solution. Inflation silently erodes your spending power annually as prices rise. This has become particularly noticeable recently with the sharp increase in the cost of living after a period of relatively low inflation. However, even minor annual increases can compound into substantial hikes over the two decades or so that the average person spends in retirement.

TWO PRINCIPAL COURSES OF ACTION TO CONSIDER

Market fluctuations are an ever-present uncertainty. While risk-taking can yield rewards over the long term, significant swings in a retirement portfolio's value can be unsettling and potentially catastrophic if withdrawals coincide with market downswings in the early retirement years.

Regarding retirement, your pension options are not solely about investing. You can take two principal courses of action as you approach this phase of your life. You

can either continue investing and withdraw money from your pot as needed, a strategy known as pension drawdown, or purchase an annuity, an insurance policy ensuring a steady income for life.

CHALLENGING ENDEAVOUR FILLED WITH NUMEROUS PITFALLS

Pension drawdown provides additional flexibility and the potential for higher returns and increased income from your pension pot. Since your pension fund remains invested, market performance can fluctuate. Purchasing an annuity guarantees you a regular income that will last throughout your lifetime. Moreover, annuity rates have increased over the past year due to the rise in interest rates.

Securing a steady income for 30 or so years can be a challenging endeavour filled with numerous pitfalls when drawing from an investment portfolio; the long-term average return and the sequence of returns matter. Poor performance in the initial years can also be costly, even if followed by good returns.

PENSION INVESTMENT STRATEGY ALIGNED WITH YOUR NEEDS

While it's crucial not to take too little investment risk, de-risking a portfolio might not be the best move if you only need to draw modestly on your money and keep most of it invested for long-term returns. However, withdrawing from your pot means you can benefit less from compounding returns.

Ensuring your pension investment strategy aligns with your needs is essential as you approach retirement. Depending on whether you opt for an annuity or a drawdown, you might need to adjust the asset mix in your portfolio to meet your retirement objectives. ◀

READY TO SECURE YOUR FINANCIAL FUTURE DURING RETIREMENT?

It's time to adopt a strategic approach to investing that generates a steady income and ensures the longevity of your retirement fund. Whether drawing down your capital or opting for income-producing assets, the choice is yours. We'll create a personalised investment plan tailored to your retirement goals. Act now and secure your tomorrow.

Source data:

[1] https://www.macrotrends.net/countries/GBR/united-kingdom/life-expectancy

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, SO YOU COULD GET BACK LESS THAN YOU INVESTED.

THE POWER **OF PREVENTION**

AN EFFECTIVE FINANCIAL PLAN ACTS AS YOUR PROTECTIVE SHIELD

In the realm of financial wellbeing, an old adage rings particularly true: 'Prevention is better than cure.' An effective financial plan acts as your protective shield, specially designed to weather any economic storm that may come your way. It offers comfort and control, ensuring that you are steering the ship of your finances, not vice versa.

However, the key lies in establishing this plan early enough to counteract the short-term risks associated with market volatility. So, what constitutes a sound financial plan, and how can it help you navigate the unpredictable financial waters?

RISK MANAGEMENT IS A CORNERSTONE OF A SOUND FINANCIAL PLAN

Market fluctuations are beyond our control and prediction. Therefore, understanding risk and its potential impact on our plans becomes crucial. But how does one translate this theoretical concept into practical application?

Financial planning dissects the complex notion of risk into three manageable components:

Risk appetite: known as 'attitude to risk', this term refers to the level of risk you are willing to accept as an investor. It's an emotional response to risky situations, gauged through quantitative questions and qualitative discussions.

Capacity for loss: This is a numerical evaluation of your ability to withstand short-term investment losses while still achieving your long-term goals.

Investment time horizon: This aspect pertains to the duration you intend to remain invested before accessing your wealth. The longer your time horizon, the better your capacity to endure short-term return volatility.

A comprehensive risk assessment at the beginning of your financial planning journey ensures that all components of your plan align with your risk profile. With a clear understanding of your risk tolerance, short-term market volatility should not significantly derail your long-term strategy.

TAX ALLOWANCE UTILISATION IS A VITAL PART OF FINANCIAL PLANNING

Choosing the right mix of assets for your investments is just one piece of the equation. A good financial plan also capitalises on the various tax allowances available, commonly called 'tax wrappers'. These include pensions (including Self-Invested Personal Pensions or SIPPs), Individual Savings Accounts (ISAs), General Investment Accounts (GIAs) and Offshore Bonds.

Each of these accounts offers unique tax advantages and access constraints. For instance, pensions are long-term investments that can afford a riskier asset portfolio until you near retirement. ISAs can be used for both short-term and long-term savings, with the time horizon and purpose of saving dictating the appropriate risk profile. While General Investment Accounts come with limited tax allowances, they play a crucial role if you aim for your savings to outpace inflation.

UNDERSTANDING RISK-ADJUSTED OUTCOMES

Your risk appetite and investment time horizon play pivotal roles. The key lies in aligning your financial strategy with your unique circumstances. Maximising the long-term potential return for your comfort level of risk is crucial. We can ensure your investments align with your risk tolerance.

CASH FLOW MODELLING PROVIDES YOUR FUTURE AT A GLANCE

Cash flow modelling might sound complex, but it's a way to visualise your financial future. What are your dreams and aspirations? When do you want to achieve them? Whether it's retirement, buying a second property, funding education, planning a wedding, or even a dream holiday, each goal carries a financial implication.

With cash flow modelling, you can explore various scenarios and determine how to reach your goals. What if you retire earlier? Or later? What if you transition to part-time work? What if you can't work for an extended period? Once you know what you'll need and when, the next step is to figure out how to achieve it. Do you have current savings or investments? How are they structured? How many

workplace pensions have you been a part of? Do you have any personal pensions? Are they invested appropriately for your objectives, life stage and risk tolerance? ◀

DO YOU REQUIRE MORE INFORMATION OR WISH TO DISCUSS YOUR OPTIONS?

For further information or assistance in financial planning, don't hesitate to contact us. We are ready to help you create a personalised financial plan that aligns with your risk tolerance and future aspirations. Take control of your financial future today.

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"YOUR RISK APPETITE AND INVESTMENT TIME HORIZON PLAY PIVOTAL ROLES. THE KEY LIES IN ALIGNING YOUR FINANCIAL STRATEGY WITH YOUR UNIQUE CIRCUMSTANCES. MAXIMISING THE LONG-TERM POTENTIAL RETURN FOR YOUR COMFORT LEVEL OF RISK IS CRUCIAL. WE CAN ENSURE YOUR INVESTMENTS ALIGN WITH YOUR RISK TOLERANCE."

IT'S GOOD TO TALK

HOW TO NAVIGATE FINANCIAL CONVERSATIONS WITH YOUR FAMILY

Money, a subject often seen as taboo within family conversations, is surprisingly more entwined in your family's affairs than you might think. Engaging in frank discussions about financial matters can create opportunities for strategic financial planning, potentially enhancing your family's financial future. The sooner these discussions begin, the better the chances of safeguarding your legacy and strengthening your children's fiscal stability. Let's delve into some potential discussion points.

PLANNING YOUR LEGACY

Inheritance is a topic fraught with emotion. While discussing who will get a share of your estate after your demise may appear grim, such a conversation can prevent future complications or disagreements. This discussion lets you clarify your intentions and the reasoning behind your choices.

This is also an opportune time to revisit your Will. For instance, you might need to adjust your Will to ensure your estate can leverage the residence nil-rate band, possibly reducing your estate's Inheritance Tax (IHT) bill.

GIFTS THAT KEEP GIVING

While it's essential to avoid depleting funds needed for future expenses like care costs, contemplating the transfer of wealth to future generations during your lifetime is worth considering.

Employing pensions, trusts and life assurance are a few ways to achieve this. Although this process can be intricate, we can collaborate to provide peace of mind, ensuring you've set a robust foundation for your family's future.

Gifting tax-efficiently throughout your lifetime is feasible, using various allowances and exemptions. For instance, you can bestow up to £3,000 per year free from IHT, make small gifts of up to £250 per person per tax year, or even make further tax-free gifts such as potentially exempt transfers (PETs), which become exempt from IHT if you live for at least another seven years after making the gift.

ESTABLISHING POWER OF ATTORNEY

Facing a decline in your mental capacity can be particularly challenging for your family. If you become incapable of making decisions, it's crucial to have a trusted individual legally appointed. You can establish a power of attorney, a legal document that allows you to designate one or more people to manage your affairs if you lose capacity.

Without this document, an application must be made to the Court of Protection (the Sheriff Court in Scotland), which could be a complex, costly and lengthy process for your loved ones.

COMPILE YOUR 'WHEN I'M GONE' LIST

Discuss where you'll securely leave essential information regarding your bank accounts, savings, investments and utility providers. Drafting a list of these details is time well spent, as it could prove invaluable to your family if you lose capacity or pass away.

Starting a conversation about inheritance with your family might seem daunting, but we're here to help initiate the dialogue and guide you through what might be an emotional journey. We'll help you create a succession plan tailored to your individual needs, reassuring you that you've laid the strongest foundations for your family's future. ◀

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READY TO TAKE THE NEXT STEP TOWARDS SECURING YOUR FAMILY'S FUTURE?

Don't hesitate to contact us if you require further information or guidance. We're here to support you in your financial planning journey. Contact us today to secure your family's financial future.

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BRIDGING THE **PENSION GENERATION GAP**

URGENCY FOR YOUNGER GENERATIONS TO ACCESS IMPROVED FINANCIAL EDUCATION

The chasm between generations regarding retirement prospects is glaringly apparent, as 78% of individuals believe their predecessors had more favourable pension plans or brighter retirement futures. According to recent research, this data highlights a stark revelation that underscores the urgency for younger generations to access improved financial education[1].

This will help address the inequitable distribution of retirement benefits across different generations, particularly considering that 38% of UK residents started contributing to their pensions when they were at least 35 years old.

SACRIFICES AND ASPIRATIONS

A staggering 51% of respondents indicated a willingness to forfeit significant life goals or dreams to increase contributions towards their pension funds. Furthermore, 66% of participants expressed a longing for travel during retirement. These findings highlight the crucial role of financial planning in achieving these aspirations and the discrepancy between expectations and reality.

THE IMPORTANCE OF FINANCIAL EDUCATION

There might be nothing 'cool' about pensions for younger people today, but they're an essential financial safety net and must be part of financial education. This education can occur at home, school or work to aid individuals in making informed decisions that will yield benefits when needed.

TIME AND MONEY ARE A POWERFUL COMBINATION

The benefits of saving early are significant. For instance, a pound saved by someone in their twenties can carry four times as much purchasing power as a pound saved by someone in their fifties. So, while there is always time to start saving, the earlier, the better.

EMBRACING GOVERNMENT INITIATIVES

Recent government plans that aim to enhance pension savings include extending the employer pension scheme auto-enrolment (AE) to employees from the age of 18, down from the current age of 22. Plus, the lower earnings limit of £10,000 is set to be removed.

A LIFELINE FOR YOUNG WORKERS

These changes could significantly benefit the youngest workers, especially those in lower-earning groups. They could see their pension pots boosted by an impressive 150% by starting to save from their first earned pound.

BRIDGING THE RETIREMENT GAP

For individuals with a median private pension income of £13,400, this 150% boost could mean an increase to £20,100 per year. This results in improved retirement outcomes, mainly for disadvantaged groups, such as women, disabled people and ethnic minority groups.

THE POWER OF STARTING EARLY

Eliminating the lower age limit could enable an average 18-year-old worker to boost their pension pot by £5,000 by retirement. According to the Office for National Statistics (ONS), an 18-22-year-old earning an average of £12,000 who starts saving at 18 could retire with £136,000 in their pension. This is £5,000 more than someone who only starts saving at 22. ◀

READY TO DISCUSS YOUR RETIREMENT GOALS?

Retirement planning is essential to ensure a secure, comfortable and enjoyable life after work. But, it can be complex and overwhelming without the right professional guidance. That's why we're here to help. Don't leave your retirement to chance. Take control of your future today. To see how we can help, please get in touch with us.

Source data:

[1] Research carried out online by Research Without Barriers (RWB) on behalf of Scottish Widows. All surveys were conducted between 3–4 October 2023. The sample comprised 1,045 UK adults who have not yet retired. All research adhered to the ESOMAR & UK Market Research Society (MRS) code of conduct (2023). RWB is registered with the Information Commissioner's Office and complies with the DPA (2018). All other data was taken from the Scottish Widows 2023 Retirement Report, which surveyed more than 5,000 people in the UK.

£32 BILLION HOLE **IN UK SAVINGS POTS**

RISE IN LIVING COSTS FORCING MANY PEOPLE TO DIP INTO THEIR FINANCIAL RESERVES

The average cost of housing, food and energy bills has increased by nearly £500 per month as of September last year compared to August 2022, according to statistics regarding the cost of living in the country[1]. This rise in living costs has forced many people to dip into their financial reserves.

The survey showed that over 23% of respondents had to utilise their savings due to the escalating living costs. The average amount withdrawn from savings stood at £2,623. This translates to an astounding total of £32 billion being utilised to balance the increasing household expenses.

SAVINGS LEVELS AND HOMEOWNERSHIP

Interestingly, the research also reported a rise in overall savings levels. However, this increase was primarily seen among homeowners who have paid off their mortgages. These individuals held double the average savings (£33,858) compared to the rest of the sample (£17,575). In contrast, renters, especially those in social housing, only possessed £3,642 in savings. Alarmingly, one in five people (21%) had less than £100 in savings, a statistic that has remained consistent since March[2].

CONCERNS OVER INTEREST RATES

The study further revealed that 76% of people were anxious about rising interest rates following consecutive hikes in the Bank of England Base Rate since December 2021. Renters expressed significant concern, with 82% worried about climbing rental payments. Similarly, 80% of homeowners with a mortgage voiced fears about rising mortgage costs. This is a significant increase from the previous year, when only four in ten renters and a third of mortgage payers expressed such concerns.

BASE RATE RISE AND ITS EFFECT ON SAVINGS

The increase in the base rate has positively impacted savings interest rates. Despite this, one in six individuals (16%) plan to use their short-term savings to manage the bill surge. Consequently, they'll draw less benefit from the now higher interest rates as they dip into their savings to balance the mounting bills.

SIGNIFICANCE OF 'RAINY DAY FUNDS'

Almost half (46%) who have or intend to withdraw from their savings have turned to their 'rainy day funds'. This reaffirms the value of maintaining an emergency fund. Consequently, only a small fraction of people would consider other financing methods to cover rising living costs. These include increasing credit card spending (6%), borrowing from relatives and friends (5%), utilising a bank overdraft (4%) or turning to payday lending (1%).

LONG-TERM INVESTMENTS REMAIN UNTOUCHED

Additionally, most individuals are determined to maintain their long-term investments, including pension savings. Only a small number of people (7%) would contemplate tapping into their pension or similar long-term investments to handle escalating living costs.

RISING COST OF LIVING: ESSENTIAL TIPS

UNDERSTANDING YOUR EXPENDITURE

Start by deciphering where your money goes. It may sound simple, but the actual amount of expenditure each month and its allocation might surprise you when laid bare. Access your bank statements and credit card bills from the past three months, either physically or online, and scrutinise them.

Highlight areas where you could spend less money on non-essentials. This could be anything from an unnecessary high-end broadband package to a mobile phone contract with unused data. Notably, unused subscriptions like gym memberships often drain money unnecessarily.

SEEKING HELP FOR ENERGY BILLS

If you find it challenging to clear your energy bills, don't hesitate to contact your energy provider to discuss possible payment plans. They should agree on a plan considering your current income and outstanding balance. If you can't agree on a plan, contact Citizens Advice for assistance.

EXPLORING COUNCIL TAX REDUCTIONS

You may qualify for a Council Tax discount depending on your living conditions and cohabitants. For instance, you can enjoy a 25% reduction if you're the sole adult in the property or if the other occupant is a full-time student or someone who qualifies for the disabled band reduction scheme. Discover what discounts your local council offers at www.gov.uk. Note that different rules apply for people residing in Northern Ireland who pay rates instead of Council Tax.

UNCLAIMED STATE BENEFITS

Billions of pounds in state benefits go unclaimed every year. You could be missing out. Turn2us, a national charity, provides a free and confidential benefits calculator on its website. This tool assists you in determining which means-tested benefits you're entitled to. They also have a grant search tool for information on grants you may qualify for.

MANAGING DEBTS EFFECTIVELY

If you're struggling to afford essentials, resorting to one credit card to pay off another, or if your debts are causing you sleepless nights, contact a debt advice charity. Organisations like StepChange or National Debtline can provide free help to manage your debts effectively. The national charity Turn2us has a free and confidential benefits calculator on its website (https://benefits-calculator.turn2us.org.uk/), which can help you work out which means-tested benefits you're entitled to. It also has a grant search tool (https://grants-search.turn2us.org.uk/) for information on grants you can apply for.

SAVING ON FOOD BILLS

Grocery bills often constitute a significant portion of household spending. Therefore, it's wise to find potential savings. Plan your weekly meals and jot down a shopping list to avoid buying unnecessary items. Consider switching to a cheaper supermarket or different brands within your preferred store. ◀

REQUIRE GUIDANCE OR ADVICE?

If you require additional information or have queries regarding managing the rising cost of living, please get in touch with us. We're here to help you navigate these challenging times with tailored advice and practical solutions.

Source data:

[1] Royal London commissioned a survey by YouGov Plc. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 4,222 adults. Fieldwork was undertaken between 25 August–10 September 2023. The survey was carried out online. The figures have been weighted and represent all GB adults (aged 18+). 23% of the UK population said they have used some or all their savings to cover the rise in costs. Of these, the average of savings used was £2,622.81. Based on the UK adult (+18) population = 53,188,000 x 0.23 = 12,233,240. 12,233,240 x £2,622.81 = £32,085,464,204.4

[2] Royal London commissioned a survey by Opinium between 27 February–6 March with a Nat Rep sample of 4,006 UK adults.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

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TREASURE TROVE

£26.6 BILLION IN FORGOTTEN PENSIONS

Did you know as many as 1 in 20 people could have a pension they didn't think they had? Could that be you? It's estimated £26.6 billion is currently trapped in forgotten pensions, averaging about £9,500 each[1].

With most individuals juggling multiple jobs throughout their lifetime, it's no wonder that some of these pensions fall through the cracks. Whether due to a change of address or simple forgetfulness, these lost pensions could be the key to a more comfortable retirement.

SEARCH FOR LOST PENSIONS

Losing track of an old pension is easier than you think, especially if you've moved house and should have informed your old pension provider. But if you suspect that you have a lost pension, don't despair. Start by reaching out to your previous pension provider. If you're unsure who that might be, the government's Pension Tracing Service can provide up-to-date contact details for your pension scheme.

TIPS ON HOW TO TRACK DOWN YOUR LOST PENSION:

Begin by revisiting your CV or recalling every job you've held since leaving school or university. You may have had a workplace pension for each of these roles. Check any old pension statements you might have for details about your plans. The more information you can gather, the better.

CONNECTING WITH YOUR PENSION PROVIDER

If you remember the provider of your old pension, contact them first. When doing so, provide as much information as possible to aid in the search for your pension savings. This includes your plan number (if available), date of birth and National Insurance number.

UTILISING THE PENSION TRACING SERVICE

If you believe you have a missing pension but lack information, turn to the government's free Pension Tracing Service. Available on the gov.uk website or via phone at 0345 600 2537, this service can provide up-to-date contact details if you remember the name of your old employer or the pension company.

CONTACTING THE PENSION ADMINISTRATOR

The Pension Tracing Service will only provide the contact details of the pension's administrator. It's then up to you to reach out and determine whether you have a pension and its current value.

VERIFYING YOUR PENSION ENTITLEMENT

Just because you have pension paperwork from a previous employer doesn't necessarily mean you're entitled to a pension. You may have received a refund of your contributions when you left the employer. Some older workplace pensions also required membership for a specific number of years before a pension entitlement was granted.

BEWARE OF SCAMMERS

Scammers often exploit legitimate events, so be vigilant around National Pension Tracing Day. Always ensure you're communicating with legitimate entities.

KEEP TRACK OF YOUR PENSIONS

If you move house in the future, remember to inform your pension providers of your new address to avoid losing track of your pensions again. ◄

TIME TO TRACK DOWN YOUR LOST PENSIONS?

Have you lost track of pensions from previous employers? Don't let your hard-earned money go unclaimed. Remember, it's your money, and you have every right to claim it. Let us discuss how we can help you start your search and secure your financial future! We look forward to hearing from you.

Source data:

[1] https://nationalpensiontracingday.co.uk/

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

Published by Goldmine Media Limited
Goldmine Media Limited, 124 City Road, London EC1V 2NX.

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