INSIGHT

ISSUE 3

2020

RETIRING ABROAD

Prior preparation is key for a smooth transition into your new life

LIFE IS FULL OF UNCERTAINTIES

If the worst were to happen, would your bills still get paid?

PENSION FREEDOMS

Retirees now have a whole host of new options

AGE IS JUST A NUMBER
What rising life expectancy could mean for you

HOW PREPARED ARE YOU FOR RETIREMENT?
Planning ahead helps ensure that you're on track

WEALTH UPLIFT
Calculating the value of financial advice

MGP

Insight 2020 Introduction

Welcome to our 2020 edition of *Insight*. Inside this issue, we feature articles covering a number of different topics to help you successfully grow and protect your wealth.

It's a dream for many that after years of hard work, it's finally time to travel to far-off lands and enjoy retirement without worrying about finances. With milder winters, warmer summers and the potential to get more from your pension pot, it's not surprising that some people decide to retire abroad. On page 03, read about how, with some planning beforehand, the dream of retiring abroad can become a reality.

If you're among the many older UK workers who will say farewell to full-time work in the next five years, now's a good time to make sure you're truly prepared. Whether you're viewing the next phase of life as retirement, semi-retirement or an unknown adventure, it's essential that you obtain professional financial advice. From age 55, you have the flexibility to choose how you take some or all of your money from your pension. On page 10, we highlight why looking towards your retirement and planning ahead will help ensure you're on track for the financial future you want.

Everyone should consider protection, even those who don't have a family or a mortgage! Unless they have substantial savings or inherited wealth, most people rely on their salary to pay for everything. There are policies designed to give your loved ones peace of mind by helping make sure there will be enough money in place to cover bills and other expenses should you become critically ill, be unable to work or even die. Although state benefits provide some support, few families want to rely on the state to maintain their standard of living. On page 06, we look at why it is crucial to keep abreast of the level of your cover.

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

Financial planning advice that is tailored to your needs

Everyone has unique goals in life, and with professional financial advice and guidance tailored to your needs, we can help you get there. The start of a new year is the perfect time to discuss your financial plans. Please contact us – we look forward to hearing from you.

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04


06


08


10

Contents

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Retiring abroad

Prior preparation is key for a smooth transition into your new life

IT'S A DREAM FOR MANY THAT AFTER YEARS OF HARD WORK, IT'S FINALLY TIME TO TRAVEL TO FAR-OFF LANDS AND ENJOY YOUR RETIREMENT WITHOUT WORRYING ABOUT FINANCES. WITH SOME PLANNING BEFOREHAND, THE DREAM OF RETIRING ABROAD CAN BECOME A REALITY.

With milder winters, warmer summers and the potential to get more from your pension pot, it's not surprising that some people decide to retire abroad. With so many places in the world inspiring dreams of a more relaxed lifestyle, the population of expat retirees keeps growing.

If you're planning to retire abroad, it's important to look into the effect this could have on your finances before you make the move.

PERSONAL AND WORKPLACE PENSIONS

If you have an occupational or personal pension, it's usually paid into your UK bank account.

As long as you've paid enough National Insurance, you can claim your State Pension while living abroad. Your State Pension can be paid anywhere, so long as you inform the Department for Work and Pensions (currently, the State Pension increases each year by the greater of the increase in earnings, inflation or 2.5%. However, you're not entitled to the annual increase in every country, so you should also check this before you move).

You might also have the option to transfer your UK pension to a Qualified Recognised Overseas Pension Scheme (QROPS). Transferring could give you more control, but there are various tax and regulatory implications that you'll need to consider. It's important to obtain professional financial advice to ensure you will not lose valuable guarantees and benefits, or have to pay excessive exit fees.

Your income will be affected by fluctuations in the exchange rate, as well as local inflation, and there may be charges for currency conversion and transferring money to a foreign bank.

HEALTHCARE

As you get older, healthcare is an increasingly important consideration. It's important to look into your rights to access healthcare in your country of choice and what costs may be involved.

Currently, most pensioners retiring abroad choose European Economic Area countries. These have a special relationship with the UK that allows our citizens access to free healthcare.

Pensioners already living in these countries should continue to benefit from this agreement beyond Brexit. However, for those considering a move in future, it's still unknown if the relationship will continue, which might put your plans on hold for now.

In most other countries, you will have to pay some or all of the cost of treatments, which can get expensive in later life. Find out which medical treatments are free and which you will need to pay for. Will you need medical insurance too, and what is the quality of healthcare available?

PROPERTY

Buying a home in a foreign country can be more difficult than here in the UK, and the land titles, rights, consents, regulations, taxes and charges are almost certain to be different.

Make sure you're aware of how much it will cost to buy, and seek advice from solicitors, architects and surveyors with local experience.

Remember that not only may the cost of buying be higher, but that you might need to budget for adaptations to keep your home accessible as you get older.

TAXES

Moving abroad will almost certainly have many tax implications. Unless your new country of residence has a double-tax agreement in place, you could end up paying tax both there and in the UK. Also, taxes such as Capital Gains Tax vary from country to country.

Make sure you understand the effects of tax on your income and your own tax responsibilities. These tax burdens can be frustrating for many retirees. Complicated tax issues can also make it difficult to buy property abroad, and understanding all the local laws and implications can be a daunting task.

READY TO RETIRE ABROAD IN 2020?

A move abroad and the lifestyle change that comes with it may be the final result of years of dreaming and planning. Whether you're moving abroad to be closer to friends and family, to experience a different culture or just for a better quality of life, planning ahead is key. If you would like further information, please contact us.

Pension freedoms

Retirees now have a whole host of new options

THE PENSION FREEDOMS, INTRODUCED ON 6 APRIL 2015, HAVE GIVEN RETIREES A WHOLE HOST OF NEW OPTIONS. THERE IS NO LONGER A COMPULSORY REQUIREMENT TO PURCHASE AN ANNUITY (A GUARANTEED INCOME FOR LIFE) WHEN YOU RETIRE. THE INTRODUCTION OF PENSION FREEDOMS BROUGHT ABOUT FUNDAMENTAL CHANGES TO THE WAY WE CAN ACCESS OUR PENSION SAVINGS.

There is now much greater flexibility around how you take your benefits from Money Purchase Pension (Defined Contribution) schemes, which include Self-Invested Personal Pensions (SIPPs).

HOW PENSIONS CAN BE TAKEN HAS BECOME DRAMATICALLY RELAXED

Since the rules governing how pensions can be taken have been dramatically relaxed, more people are using pension freedoms to access their retirement savings, but the amount they are individually withdrawing has continued to fall, according to the latest data from HM Revenue & Customs (HMRC).

Pension freedoms have given retirees considerable flexibility over how they draw an income or withdraw lump sums from their accumulated retirement savings. There is no doubt the pension freedoms have been hugely popular. Figures published on 30 October last year show that £30 billion[1] has been withdrawn by savers since the pension freedoms were introduced in 2015.

AVERAGE WITHDRAWALS HAVE BEEN FALLING STEADILY AND CONSISTENTLY

The quarterly numbers from HMRC cover money that has been withdrawn flexibly from pensions. Members of defined contribution pension schemes can access their pension savings early, provided they have reached the normal minimum pension age (currently 55). The figures for the third quarter last year show that £2.4 billion was withdrawn from pensions flexibly – a 21% increase from £2 billion in the third quarter of 2018.

The average amount withdrawn per individual in the third quarter of 2019 was £7,250, falling by 5% from £7,600 in the third quarter of 2018. The Government says that since reporting became mandatory in 2016, average withdrawals have been falling steadily and consistently, with peaks in the second quarter of each year.

WHAT ARE YOUR RETIREMENT OPTIONS TO CONSIDER?

LEAVE YOUR PENSION POT UNTOUCHED FOR NOW AND TAKE THE MONEY LATER

It's up to you when you take your money. You might have reached the normal retirement date under the scheme or received a pack from your pension provider, but that doesn't mean you have to take the money now. If you delay taking your pension until a later date, your pot continues to grow tax-free, potentially providing more income once you access it. If you do not take your money, we can check the investments and charges under the contract.

RECEIVE A GUARANTEED INCOME (ANNUITY)

You can use your whole pension pot, or part of it, to buy an annuity. It typically gives you a regular and guaranteed income. You can normally withdraw up to a quarter (25%) of your pot as a one-off tax-free lump sum, then convert the rest into an annuity, providing a taxable income for life. Some older policies may allow you to take more than 25% as tax-free cash – we can review this with your pension provider. There are different lifetime annuity options and features to choose from that affect how much income you would get.

RECEIVE AN ADJUSTABLE INCOME (FLEXI-ACCESS DRAWDOWN)

With this option, you can normally take up to 25% (a quarter) of your pension pot, or the amount you allocate for drawdown, as a tax-free lump sum, then re-invest the rest into funds designed to provide you with a regular taxable income. You set the income you want, though this might be adjusted periodically depending on the performance of your investments. Unlike with a lifetime annuity, your income isn't guaranteed for life – so you need to manage your investments carefully.

TAKE CASH IN LUMP SUMS (DRAWDOWN)

How much of your money you take and when is up to you. You can use your existing pension pot to take cash as and when you need it and leave

the rest untouched, where it can continue to grow tax-free. For each cash withdrawal, normally the first 25% (quarter) is tax-free, and the rest counts as taxable income. There might be charges each time you make a cash withdrawal and/or limits on how many withdrawals you can make each year. There are also tax implications to consider that we can discuss with you.

CASH IN YOUR WHOLE POT IN ONE GO

You can do this, but there are important things you need to think about. There are clear tax implications if you withdraw all of your money from a pension. Taking your whole pot as cash could mean you end up with a large tax bill – for most people, it will be more tax-efficient to use one of the other options. Cashing in your pension pot will also not give you a secure retirement income.

MIX YOUR OPTIONS

You don't have to choose one option. Instead, you can mix them over time or over your total pot when deciding how to access your pension. You can mix and match as you like, and take cash and income at different times to suit your needs. You can also keep saving into a pension if you wish, and get tax relief up to age 75.

Source data:
[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/841958/Pension_Flexibility_Statistics_Oct_2019.pdf

THINK CAREFULLY BEFORE MAKING ANY CHOICES

The pension flexibilities may have given retirees more options, but they're also very complicated, and it's important to think carefully before making any choices that you can't undo in the future. Withdrawing unsustainable sums from your pensions could also dramatically increase the risk of running out of money in your retirement. To discuss your options, talk to us at a time that suits you.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS TESTED BENEFITS AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

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.

TAX RULES ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

Life is full of uncertainties

If the worst were to happen, would your bills still get paid?

EVERYONE SHOULD CONSIDER PROTECTION, EVEN THOSE WHO DON'T HAVE A FAMILY OR A MORTGAGE! UNLESS THEY HAVE SUBSTANTIAL SAVINGS OR INHERITED WEALTH, MOST PEOPLE RELY ON THEIR SALARY TO PAY FOR EVERYTHING.

Over the years, you may have taken out a number of different insurance policies to give you and your family financial security. Perhaps this may have been when you started a family, took out a mortgage or became self-employed.

These policies are designed to give your loved ones peace of mind by helping make sure there will be enough money in place to cover bills and other expenses should you become critically ill, be unable to work or even die.

Although state benefits provide some support, few families want to rely on the state to maintain their standard of living. It is therefore crucial to keep abreast of the level of your cover.

TIME TO REVIEW

Your personal circumstances and needs will almost certainly have changed over time. Perhaps you have children who have since flown the nest, or you've paid off your mortgage.

You may also be entitled to benefits with your current employer that either overlap with polices you already have or leave things now important to you not covered.

It could be time to review these policies, and the level of cover they provide, to make sure they are still suitable.

LIFE COVER PROTECTION

Life cover protection is designed to protect your family and other people who may depend on you for financial support. It pays a death benefit to the beneficiary of the life assurance policy.

If you have dependents or outstanding debts such as a mortgage, at the very least, it should ensure your family can keep their home, but ideally it would also provide an additional sum as a financial buffer at a difficult time.

There are different types of policy available, from 'whole of life assurance' which covers you for your entire lifetime, to 'term assurance' policies which provide life cover for a fixed period of time – 10 or 20 years, for example – and are often used in conjunction with a mortgage.

INCOME PROTECTION COVER

If something happened to you, would you be able to survive on your savings or on sick pay provided by your employer? If not, you'll need some other way to keep paying the bills.

Income protection cover is designed to give you protection if you can't earn an income due to ill health, a sickness or disability. These policies protect a portion of your salary, typically paying out between 50–70% of your income. You receive monthly, tax-free payments that cover some of your lost earnings if you are unable to work.

They are vital policies for those with dependents and liabilities, paying out until you can start working again, or until you retire, die or the end of the policy term – whichever is sooner. They cover most illnesses that leave you unable to work, and you can claim as many times as you need to while the policy lasts.

CRITICAL ILLNESS COVER

If you are diagnosed with a critical illness, it can have a severe impact on your finances, as you may need to take time off work for your treatment and recovery. Critical illness cover pays out a tax-free lump sum if you're diagnosed with, or undergo surgery for, a specified critical illness that meets the policy definition.

It's designed to help support you and your family financially while you deal with your diagnosis, so you can focus on your recovery without worrying about how the bills will be paid.

Each policy will have its own list of specified conditions it covers, and it is vital to familiarise yourself with the full list and when you can claim for these illnesses before you apply.

FAMILY INCOME BENEFIT COVER

Family income benefit is a term insurance which lasts for a set period of time. If something were to happen to you, you would want to be sure your family is taken care of when you're gone.

The policy will pay out a monthly, tax-free income to your family if you die during the term, until the policy ends. So, if you take a 20-year family income benefit policy and die after five years, it will continue to pay out for another 15 years.

There is no cash in value, so if you stop making premium payments, your cover will end.

PRIVATE MEDICAL INSURANCE

Private medical insurance will pay for the cost of private healthcare treatment if you are sick or injured. If you don't already have it as part of your employee benefits package, and you can afford to pay the premiums, you might decide it's worth paying extra to have more choice over your care.

It gives you a choice in the level of care you get and how and when it is provided. Basic private medical insurance usually picks up the costs of most in-patient treatments (tests and surgery) and day-care surgery.

Some policies extend to out-patient treatments (such as specialists and consultants) and might pay you a small fixed amount for each night you spend in an NHS hospital. Premiums are paid monthly or annually, but most policies do not cover pre-existing conditions.

PROTECTING YOURSELF AND YOUR LOVED ONES

Some families would have to cut their living costs in order to survive financially in the event of the main breadwinner falling ill or dying prematurely. If your income were to stop due to an illness or death, this could mean mortgage repayments are missed, savings depleted, your home being sold and your family's standard of living eroded, with stress and worry all too evident. Putting in place sufficient protection will give you peace of mind that if the worst does happen, the bills will still get paid. Please call us to discuss your situation.

THE PLAN WILL HAVE NO CASH IN VALUE AT ANY TIME AND WILL CEASE AT THE END OF THE TERM. IF PREMIUMS ARE NOT MAINTAINED, THEN COVER WILL LAPSE.

CRITICAL ILLNESS PLANS MAY NOT COVER ALL THE DEFINITIONS OF A CRITICAL ILLNESS. THE DEFINITIONS VARY BETWEEN PRODUCT PROVIDERS AND WILL BE DESCRIBED IN THE KEY FEATURES AND POLICY DOCUMENT IF YOU GO AHEAD WITH A PLAN.

How prepared are you for retirement?

Planning ahead helps ensure that you're on track

YOU WORK HARD TO ENJOY YOUR CURRENT LIFESTYLE, BUT ARE YOU DOING ENOUGH TO ENSURE THAT YOU WILL CONTINUE TO ENJOY IT IN RETIREMENT? MANY OF US LIVE FOR TODAY, BUT SAVING INTO A PRIVATE PENSION PLAN CAN HELP YOU RETIRE SOONER RATHER THAN LATER.

The term 'private pension' covers both workplace pensions (also known as 'occupational' or 'company' schemes), arranged by your employer; and 'personal pensions', which you manage yourself. There is no restriction on how many pensions you can have, and some people will have both.

AM I STILL SAVING ENOUGH FOR RETIREMENT ACCORDING TO MY CURRENT CIRCUMSTANCES?

Private pensions, often referred to as 'personal pensions', provide a way for you to save for retirement so that you'll have an income to supplement the amount you'll receive from the State Pension.

They are generally 'defined contribution' plans, which means any payments you make are invested. The amount you end up with at retirement depends not only on how much you've paid in, but also on how your investments have performed and the level of charges. We can assess your current retirement goals and calculate the target level of income you'll require to achieve them.

Don't forget: if you have a workplace private pension, both you and your employer will make contributions, boosting the amount you end up with at retirement.

CAN I RELY ON THE STATE PENSION TO PROVIDE A SUBSTANTIAL INCOME IN RETIREMENT?

The State Pension is a regular income paid by the UK Government to people who have reached State Pension age. The State Pension changed on 6 April 2016. If you reached the State Pension age on or after this date, you'll now be getting the new State Pension under the new rules.

The new State Pension is designed to be simpler than the old system. The new scheme pays up to £168.60 a week (as of 2019/20). It's possible you may receive more or less than this amount.

To receive £168.60, you must have a National Insurance (NI) contributions record for 35 years. If not, the amount you receive will be proportionate. If you have less than 10 years NI contributions, you won't receive any State Pension. You can pay more to make up for any shortfall in your NI contribution record.

You may receive less if you opted out of the additional State Pension scheme, or 'SERPS'. This scheme ended in April 2016. If you were in a pension scheme or personal pension plan before this date, this may apply to you.

If you were entitled to a higher pension under the previous State Pension scheme, you'll still receive this. If you don't claim your State Pension in the year you reach State Pension age, it will be increased when you do take it. For each year you delay, it increases by almost 5.8%.

The State Pension is unlikely to provide a substantial income in retirement. That's where a private pension can make a big difference.

AM I MAKING THE MOST OF PENSION TAX RELIEF?

One major benefit of contributing to a pension is the boost your contributions will receive from tax relief. Pension providers can claim basic-rate tax relief at 20% on behalf of savers. So for every £80 you contribute, £100 will be invested into your pension. You receive tax relief on private pension contributions worth up to 100% of your annual earnings.

Tax relief is paid on your pension contributions at the highest rate of Income Tax you pay. If you're a higher or additional-rate taxpayer, you must claim back the additional 20% or 25% on top of the basic 20% via your self-assessment tax return. If you don't claim it, you won't receive it.

Tax relief in England, Wales or Northern Ireland:

- Basic-rate taxpayers get 20% pension tax relief
- Higher-rate taxpayers can claim 40% pension tax relief
- Additional-rate taxpayers can claim 45% pension tax relief

In Scotland, Income Tax is banded differently, and pension tax relief is applied in a slightly alternative way:

- Starter-rate taxpayers pay 19% Income Tax but get 20% pension tax relief
- Basic-rate taxpayers pay 20% Income Tax and get 20% pension tax relief
- Intermediate-rate taxpayers pay 21% Income Tax and can claim 21% pension tax relief
- Higher-rate taxpayers pay 41% Income Tax and can claim 41% pension tax relief
- Top-rate taxpayers pay 46% Income Tax and can claim 46% pension tax relief

HOW MUCH MORE SHOULD I BE SAVING FOR RETIREMENT?

Generally speaking, the more you save, the more you can expect to get back. You can choose to save as much as you can afford. If you want to, you could save up to 100% of your earnings into your pension each tax year. However, there's an upper limit on the amount that you can save into pensions each tax year.

This is known as the 'annual allowance', which is currently £40,000 in the 2019/20 tax year. If you go over this amount, a 40% tax charge will apply. Obtaining professional financial advice will ensure that you are contributing the correct amounts based on your retirement goals.

WILL THERE BE LIMITS ON THE VALUE OF PAYOUTS FROM MY PENSIONS?

The lifetime allowance is a limit on the value of payouts from your pension schemes – whether lump sums or retirement income – that can be made without triggering an extra tax charge.

But the regular contributions you and your employer make into pensions, plus the fact investments in pensions grow free of tax typically over a long time, can result in your pensions growing above the lifetime allowance.

The lifetime allowance for most people is £1,055,000 in the tax year 2019/20. It applies to the total of all the pensions you have, including the value of pensions promised through any defined benefit schemes you belong to, but excluding your State Pension. The standard lifetime allowance is indexed annually in line with the Consumer Prices Index (CPI).

Any amount over your lifetime allowance that you take as a lump sum is taxed at 55%, and any amount over your lifetime allowance that you take as a regular retirement income – for instance, by buying an annuity – attracts a lifetime allowance charge of 25%.

HOW CAN I MAKE THE MOST OF MY PENSION POT WHEN I RETIRE?

How long your pension pot lasts will depend on the choices you make. From age 55, there are three main ways you can take your money. You can take your tax-free money first, take a combination of tax-free and taxable money, or take a guaranteed income for life. You could also take a combination of these three, or simply do nothing at all.

Each of the main options usually allows you to take up to 25% of your pot tax-free. You might also need to pay tax on the remaining 75% of your pension pot, depending on your circumstances and the options you choose. Tax rules can also change in the future.

The ways to access your tax-free money, and the remainder of your pension pot, are very different on each of the options though.

DON'T 'SLEEPWALK' INTO YOUR RETIREMENT

Today, the big question is not 'when would you like to retire?' but 'when can you afford to retire?' Seizing the day can be a great feeling. And this is what thousands of people across the UK are doing: taking money from their pension pot, from the age of 55, to tackle a current pressing need or opportunity. We can help you make the right decisions to balance the impact of your actions now so that you don't 'sleepwalk' into your retirement and find out too late you've made the wrong choices. For more information, speak to us about your retirement expectations.

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The big questions to ask before you retire

Are you on track to enjoy the retirement you want?

IF YOU'RE AMONG THE MANY OLDER UK WORKERS WHO WILL SAY FAREWELL TO FULL-TIME WORK IN THE NEXT FIVE YEARS, NOW'S A GOOD TIME TO MAKE SURE YOU'RE TRULY PREPARED.

Whether you're viewing the next phase of life as retirement, semi-retirement or an unknown adventure, it's essential that you obtain professional financial advice. From age 55, you have the flexibility to choose how you take some or all of your money from your pension.

Looking towards your retirement and planning ahead will help ensure you're on track for the financial future you want. And while some people might have been saving and planning for decades for retirement, others might be crossing their fingers or have yet to give real thought to their transition away from working.

Currently, once you reach 55, you can choose what you want to do with your pension pot, and you don't need to stop work to access it. But just how much is enough? And how much should you try to save to have a comfortable retirement?

HOW MUCH INCOME WILL I NEED FOR MY RETIREMENT?

Many people consider £39,773 as their ideal income in retirement, according to research[1]. This means that, after the State Pension of £8,767.20 per year is factored in, £31,005.80 per year is needed to reach this target.

With annuity rates at near historic lows, that means a pension pot of £668,000[2] could be needed to purchase a level of annuity that would produce this income.

It is important that you re-evaluate your preparedness on an ongoing basis. Changes in economic climate, inflation, achievable returns and in your personal situation will impact your plan.

WHAT SIZE OF CONTRIBUTIONS SHOULD I MAKE EACH MONTH?

It's hard to start a journey without knowing your destination. The first step is to set a retirement date and a desired level of income, and work backwards from there.

This way, you will see the size of contributions you need to make each month, and how close you will be able to get to your ideal income level.

You'll need to think about how much money you would like to live on and how long it needs to last, especially as the age that you start getting the State Pension is increasing.

ARE THERE OTHER WAYS TO SAVE FOR MY RETIREMENT?

It's likely you'll have heard the phrase 'the sooner you start putting money aside for your retirement, the better'. However, even if you feel you've left it too late, you could still make a difference by taking action now.

There are other ways to save for your retirement. A pension is one of them, but you may be using your home as your long-term investment, or you could have other investments that you hope will perform to match your expectations in later life.

Pensions are a long-term investment, as the sooner you start putting money aside for your retirement, the better – even if you're saving a small amount. They're also a tax-efficient way of putting money aside.

CAN I SUPPLEMENT MY WORK PENSION WITH PRIVATE SAVINGS?

Once you know your target pension amount, and what you need to pay each month to get there, you can then make your contributions into the recommended savings vehicles.

You're likely to have a pension through your employer – that's a good place to start, and it should be the bedrock for your other savings.

However, it may pay to supplement your occupational pension with private savings in an

Individual Savings Account (ISA), which is highly tax-efficient and very flexible and can give you some more options when you arrive at the time you would like to retire. ISAs may allow you to retire slightly earlier, for example, while leaving your pension savings to continue to grow in the stock market.

Source data:
[1] Research conducted by Opinium Research amongst 5,000 UK adults between 30 August and 5 September 2018.
[2]: Source: iress The Exchange 12/9/2019; healthy life rates at age 65, no tax-free cash taken, single life, level, monthly in advance, no guarantee.

THINKING ABOUT THE TYPE OF RETIREMENT YOU WANT?

Whether you want to discuss your existing retirement planning options, or would like to discuss starting a pension, we're here to support you. To arrange an appointment or for further information, please contact us.

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New year, new you

6 resolutions for a happy and healthy 2020

The new year can be an exciting time, brimming with the promise of fresh starts and new beginnings. It's also an opportunity to recommit to your health and well-being.

Creating New Year's resolutions is easy enough. However, sticking to them beyond the month of January is another story entirely.

Whether the new year has you feeling totally inspired or a tad overwhelmed, here are six tips to help you make – and keep – your healthy resolutions for 2020.

1. PRACTICE MINDFUL EATING

These days, it's common for many people to eat with their eyes glued to a screen, but eating when you're distracted leads to overeating. Take time to slow down and pay attention to your food, pausing to put down utensils between bites. When you eat mindfully, it's easier to notice when you feel full, plus you're more likely to enjoy the foods you eat.

2. CHILL OUT AND REST UP

When it's time to sleep, it's time to chill – literally. Turning the thermostat down before you get into bed can help you sleep better. Darken your room by drawing the curtains or dimming the display on your alarm clock to really get some quality sleep.

3. ADOPT AN ATTITUDE OF GRATITUDE

Take some time at the beginning or end of the day to reflect on what you're grateful for. A daily grateful check-in or keeping a grateful journal is a way to shift your focus and minimise the distorting influence of stress. Reminding ourselves of the small, everyday positive aspects of our lives helps to develop a sense of balance and perspective that can enhance well-being.

4. FIND 30 MINUTES A DAY TO WALK

Getting the recommended 30 minutes of exercise each day can be as simple as taking a walk. If you've got a busy schedule, take three ten-minute walks throughout your day. That's ten minutes before work, ten minutes at lunch, and then ten minutes after work. And you can make it fun – find someone to help get you through your lunch routine, and have a friend or family member meet you for an evening stroll.

5. TAKE THE STAIRS

Making small, daily changes such as taking the stairs instead of the elevator may seem minor, but they can make a big difference for your heart in the long run. Individuals who are physically active are much less likely to develop cardiovascular disease.

6. COMMIT TO A 30-DAY FITNESS CHALLENGE

Pick a fitness activity that's easy and doesn't require equipment, and then commit to it for 30 days. There are many options to challenge yourself: practicing yoga, taking regular walks or joining a fitness class. Find what motivates you. Whatever you do, make yourself accountable or find an accountability partner. Whether your goal is to lose weight, lower cholesterol or generally have more energy, you have the power to make a change.

Wealth uplift

Calculating the value of financial advice

QUANTIFYING THE VALUE OF FINANCIAL ADVICE HAS ALWAYS BEEN A CHALLENGE BECAUSE PEOPLE WHO RECEIVE FINANCIAL ADVICE HAVE DIFFERENT CHARACTERISTICS TO THOSE WHO DO NOT.

But what if it was now possible to quantify the value of financial advice and isolate a pure 'advice effect'? This is exactly what the researchers at the International Longevity Centre – UK (ILC) have been able to calculate.

WHAT IT'S WORTH

The new research[1], 'What it's worth: Revisiting the value of financial advice' from the ILC suggests that, holding other factors constant, those who received advice around the turn of the century were on average over £47,000 better off a decade later than those who did not.

This result comes from detailed analysis of the Government's Wealth and Assets Survey, which has tracked the wealth of thousands of people over two yearly 'waves' since 2004 to 2006. The wealth uplift from advice comprises an extra £31,000 of pension wealth and over £16,000 extra in non-pension financial wealth.

IMPACT OF TAKING ADVICE

One of the key findings from the research is that the proportionate impact of taking advice is greater for those of more modest means. For the 'affluent' group identified in the research, the uplift from taking advice is an extra 24% in financial wealth compared with 35% for the non-affluent group. On pension wealth, the uplift is 11% for the affluent group compared with 24% for the non-affluent.

An important explanation for the improved outcomes for those who take advice is that they are more likely to invest in assets which offer greater returns (though with higher risk). Across the whole sample, the impact of taking advice is to add around eight percentage points to the probability of investing in equities.

LARGER PENSION POTS

The research also found that those who were still taking advice at the end of the period had pension pots on average 50% higher than those who had only taken advice at the beginning of the period. However, this result is not controlled for other differences in characteristics, so may at least in part reflect greater engagement by those who have larger pension pots.

International Longevity Centre Director, David Sinclair, commented: 'The simple fact is that those who take advice are likely to be richer in retirement. But it is still the case that far too many people who take out investments and pensions do not use financial advice. And only a minority of the population has seen a financial adviser.'

Source data:

[1] 'What it's worth: Revisiting the value of financial advice' will be published on 28 November 2019 at http://www.ilcuk.org.uk and http://www.royallondon.com/policy-papers.

GETTING YOU CLOSER TO YOUR GOALS

Having a financial plan in action is one of the most important things you can do in life. It gives your finances direction and gets you closer to your goals. What is equally important is reviewing and revising your plan regularly. When it comes to managing your money, we can help you build wealth and secure your future and, above all else, draw up an effective plan for fulfilling your investment objectives. Please contact us for further information.

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