Guide to Retirement Planning

Enhancing people's lives

ellis bates
FINANCIAL ADVISERS

ellis bates

Contents

A pension is a long-term investment.

There's also no fixed path to retirement or finite end point. Everyone has a different journey through life, with their own experiences along the way, and there's no need for it to become stressful. You can reduce any anxiety by planning how much you'll need to retire and working out how best to build up your pension pot.

Welcome to our guide to Retirement planning

The changes in the retirement landscape mean that many people today are having to adjust their outlook towards retirement. With more people living longer, expectations of retirement are being reshaped and there is no longer a one-size-fits-all approach to retirement planning.

To different people, retirement means different things. Retirement offers the gift of time to do the things that matter most. Whether that's looking to continue to work in one capacity or another, embark on a new project or business venture, or stop work entirely.

Retirement is a very personal stage in all of our lives and it may also affect others, so it's important to consider loved ones. Over the course of someone's retirement, there may be a change to their family situation, including changes due to death or divorce, or perhaps welcoming new partners and possibly grandchildren.

If you are approaching retirement age, it's important to know your pension is going to finance your plans. But what questions should you be asking about your retirement?

Will I be able to retire when I want to?

Will I run out of money?

How can I guarantee the kind of retirement I want?

Should I invest my retirement savings?

These are just some of the questions you'll want to know the answers to. But there are many other things to consider as you approach retirement. It's good to start by reviewing your finances to ensure your future income will allow you to enjoy the lifestyle you want. Making the right choices now could make a big difference to how much money you have in the future.

What do your retirement plans look like?

We all have our own idea of the life we'd like to lead after we've left the nine-to-five behind. Whatever retirement looks like for you, it's important to make the right plans now, so that you have the freedom to enjoy the time when it comes, however you choose to fill it. To find out more or to discuss your vision for retirement – we are here to help.

ellis bates

Is it time to retire retirement?

Everyone has different circumstances and different expectations

No matter how far away you are from retiring, it's important to plan for the future. It's hard to know exactly how much you'll need because everyone has different circumstances and different expectations. Today you have new pension freedoms to decide when and how you retire.

The purpose of a pension is to provide an income for you to live the life you want once you have retired. But, due to longer life expectancies, less generous schemes and lack of understanding around saving, a common problem is that some people don't retire with enough to last them.

Making the right choices

It's important to think about how much money you might need in the future and whether you'll have enough to give you the lifestyle you want. You might be eligible for the State Pension but can you manage on this alone? Also, you may want to retire before your State Pension age.

Making the right choices now could make a big difference to how much money you have in the future and saving into a pension plan could help you achieve the lifestyle you would like.

Changes to your lifestyle

The current life expectancy in the United Kingdom in 2017 to 2019 was 79.4 years for males and 83.1 years for females, while you can access your pension savings from the age of 55, and the State Pension age is currently 66.

The concept of retirement has changed. The idea that we stop working at 65 and then spend our time playing golf and travelling the world is now anachronistic and probably ageist. However, retirement is a challenging new phase in life.

While it ranks high on the scale of stressful life events, it also provides the opportunity to enjoy a new lease of life. A fulfilling and enjoyable retirement, will, of course, depend on the age at which you choose to retire, your retirement plans and factors that impact your life expectancy, such as your health.

Retirees are falling short by decades

A survey of people aged 55 to 64 who have not yet retired found that 25% of this age group are only budgeting for their pension savings to last ten years. Around 10% are only budgeting for their pension savings to last five years.

Income needs tend to change

Perhaps these people have created their budget believing that less than £10,000 a year is likely to cover their needs in later life. They may feel that the first five to ten years are when their spending will be highest, so plan to use their retirement savings during that time.

But this isn't a typical pattern for retirement spending. Often, there is a peak in spending in the first five to ten years, when many people pay off their mortgage or make a big purchase, such as a trip-of-a-lifetime. But there is another peak towards the end of life, when many people may need residential or at-home care, which can be expensive.

Retirement spending forecast

Surprisingly, 80% of survey respondents said they had received no advice on their retirement needs, and more than half of these people had no plans to. Receiving professional financial advice will help you identify and forecast how your retirement spending could change over time, make a realistic budget and determine how many years your current savings may last.

If there is a shortfall, you'll then be able to make the necessary adjustments to ensure you top up any potential savings shortfall before you retire and see how many more years you may need to work for. You can also get a better understanding of where your pension is invested and your options to take an income from it. These factors might affect the income you'll eventually receive, and what you can do about it.

Retirement goals

Knowing where you're going and how to get there

Retirement might seem a long way off but the later you leave planning for it, the less chance you have of achieving the retirement you want. We all dream of how we'll spend our retirement but that dream looks different for everyone.

Some people want to spend more time with their family, while others want to enjoy long holidays and see the world, or simply wish to be financially independent. No matter what your dreams are, they rely on having sufficient pension savings to achieve them and live comfortably.

Specific retirement goals

People who associate confidence with retirement are most likely to have specific retirement goals and know what steps they need to take to reach them. But sadly, some people don't feel confident that they will have enough savings to live comfortably after they retire.

Many people have a fear of outliving their money, but most don't have a clear idea of how much money they need during retirement. It's important to remember that retirement doesn't happen at a certain age, it happens when you have enough money to live on. And having this clear direction and understanding will give you peace of mind that you're on the right track.

Do you feel confident about your retirement?

Pensions can seem complex and overwhelming, and there are many reasons you might lack confidence in your retirement plans.

- You might be worried that you're not saving enough, but don't feel you can afford to save more
- You might feel ready to retire now, but you're not sure if you can rely on your current pension savings to provide enough money for the rest of your life
- You might have experienced a change to your financial situation, including life events such as divorce, and have new concerns about whether you can save enough
- You might have previously felt confident about your retirement plan, but the COVID-19 pandemic has derailed your savings

Don't suffer a 'horrible shock'

Research shows that there is a significant difference in how confident people feel about retirement based on whether or not they have spoken to a financial adviser. 65% of UK adults who have obtained financial advice say they do feel confident that they will have saved enough for retirement, compared to only 41% of those who have not.

A positive retirement experience begins with a plan designed to help you live life on your terms. Your adviser will ask questions about your finances, personal circumstances and retirement goals, and create a plan that's unique to you and will help you reach the retirement you're aiming for.

Providing answers to your planning questions

People who know where they're going and how to get there feel more confident in their retirement plan. Your adviser will be able to answer these key questions.

What do I need to know?

- How much you need to save for retirement
- How to save tax-efficiently for retirement
- How pensions work
- The type of pension you should choose
- The right amount to contribute to your pension
- How to boost your pension pot
- How your pension should be invested
- How to withdraw money from your pension

Deciding when to retire

Looking at different sources to estimate how much income you'll have

When deciding when to retire, the most important thing to consider is making sure you have enough money to live comfortably. Imagine you're retiring today. Will you be able to financially support yourself, and potentially your family too, with your current pension savings?

The run-up to your retirement may feel overwhelming, but this is an important time for you and your savings. So, as you plan for your retirement, you'll need to look at different sources to estimate how much income you'll have. These include the State Pension, personal or workplace pension schemes, state benefits you may qualify for on retirement and your savings or investments.

Following the pensions reforms, there are now more options available than ever and this has removed the compulsion to purchase an annuity. It also means that you can use your pension fund to benefit your named beneficiaries, whoever they may be.

Basic retirement lifestyle

If you are approaching retirement it's time to think about what you're going to do with the money you've been working hard to save all these years. The average UK pension pot after a lifetime of saving stands at £61,897. With current annuity rates, this would buy you an income of only around £3,000 extra per year from age 67, which, added to the maximum State Pension, makes just over £12,000 a year – just enough for a basic retirement lifestyle.

In more recent years, when it's time to take a retirement income, some people are choosing to do so through pension drawdown. Pension drawdown provides a way to establish a flexible income, set at whatever level you choose, which can be increased or decreased over time to match your needs.

Flexibility and control

For many, this may seem a more fitting solution to their retirement needs than purchasing an annuity, which is a more established option that typically offers a set monthly income for life. However, although pension drawdown offers flexibility and control, there are differences to consider.

While annuity income is fixed for life, pension drawdown can only continue for as long as you have savings remaining – and once they're gone, you'll receive nothing. **So, it's important to receive professional financial advice to ensure that you withdraw your money at a rate that will last your expected lifetime.**

Will your savings last a lifetime?

It's important to consider that your retirement could last for 30 years or more, depending on when you retire and how long you live. This is why some people use pension drawdown as the option to provide their retirement income. Your savings remain invested even after you retire, which means they have the opportunity to continue growing through investment returns.

But it's impossible to predict exactly how much they will grow each year. Some years they will grow more than others, and some years they may fall in value.

How much can you safely withdraw?

A 4% withdrawal rate is typically stated as a guide for how much you can withdraw each year from your retirement savings. This figure is estimated based on the history of the financial markets and how much investments have tended to grow over periods of around 35 years. So, if you have £500,000 in savings when you retire, 4% would initially equate to £20,000 a year.

However, there are a few additional details that mean this figure can't be used totally reliably:

- Past performance of the stock markets cannot reliably predict future growth
- The performance of investments in your portfolio may be better or worse than average
- It's impossible to know for sure how long your retirement will last Your financial needs are likely to change over time, typically peaking in early retirement and then in later life

Changing pensions landscape

So, a 4% rate of withdrawal could be either overly cautious, resulting in the accumulation of wealth that could create an Inheritance Tax liability, or overly reckless, resulting in complete depletion of your savings when you still have years left to live.

In this world of ours, very little stands still. The same can be said for the pensions landscape. As high earners are faced with even more restrictions and potential pitfalls, it is vital to understand the rules and seek professional financial advice.

The power of planning

Changing shape of retirement

Are you 'mid or late career' or planning to retire within ten years? If the answer's 'yes', then you probably want to know the answers to these questions:

Will I be able to retire when I want to?

Will I run out of money?

How can I guarantee the kind of retirement I want?

But, for many different reasons, planning for retirement is a commonly overlooked aspect of personal financial planning and this can often lead to anxiety as your age of retirement approaches. We've provided some ideas about how to boost your pension savings and help achieve your retirement goals sooner.

Review your contributions

Sometimes the simplest solutions are the most effective. If you want to boost your retirement savings, the simplest solution is to increase your contributions. You may think you can't afford to, but even a slight increase can make a big difference.

For those lucky enough to receive a pay rise in line with inflation every year, increasing your pension contributions by just 1% could add thousands to your eventual pension pot. The reason why a relatively small increase in pension contributions can result in such a large increase in the value of your pension pot is because of the power of compounding.

The earlier you invest your money, the more you benefit from the effects of compounding. Adding more money to your pension pot by increasing your contributions just makes the compounding effect even better.

Review your strategy

A missed opportunity for many pension holders is failing to choose how their pension is invested. Some people leave this decision in the hands of their workplace or pension provider.

Firstly, you should know that you don't have to hold a pension with the provider your employer has chosen. You can ask them to pay into a different pension, allowing you to choose the provider while considering the type of funds they offer and the fees they charge.

Secondly, many pension providers will give you several options for investment strategies. If you're in the default option, you could achieve higher returns with a different strategy (though this will usually mean taking on more investment risk). Note that this may not be appropriate in all circumstances, particularly if you are close to retirement.

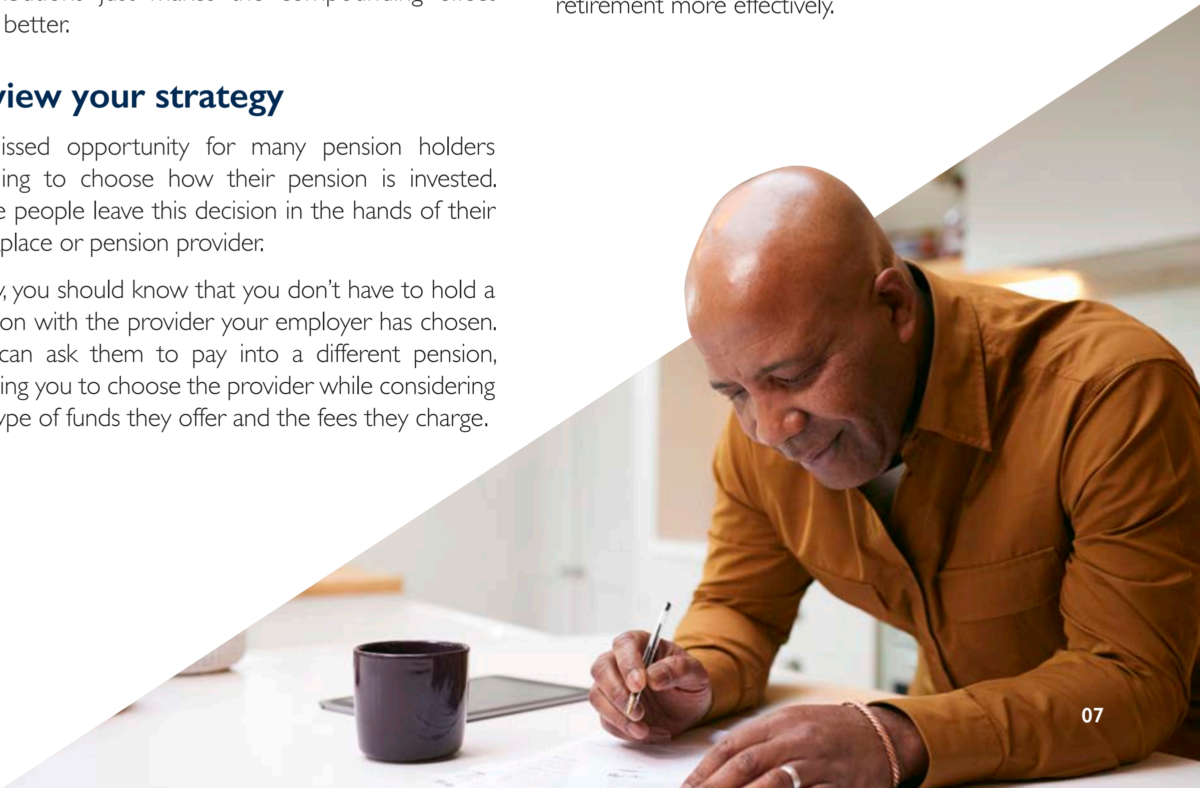
Cashflow modelling and forecasting service

We use a sophisticated forecasting planning tool to help you to be better placed to make financial and investment decisions.

With the help of the planning model, you will be able to see and manage

- Any shortfalls between your short, medium and long term financial aspirations and current position and identify ways of potentially closing or removing that gap
- To determine how to structure your assets in the most efficient way to minimise tax during your lifetime and on death
- To optimise where your assets are invested so that you are better placed to meet your objectives and aspirations
- To explore with you the impact of different future life and financial scenarios so that you can consider 'what if' questions.

This cashflow modelling service will help you plan your retirement more effectively.



Take it to the max

Feel confident about your retirement

If you've been diligently saving into a pension throughout your working life, you should be entitled to feel confident about your retirement. But, unfortunately, the best savers sometimes find themselves inadvertently breaching their pension lifetime allowance (LTA) and being charged an additional tax that erodes their savings.

If you are a high-income earner or wealthy individual, you could be putting too much into your lifetime pension and risk exceeding the pension lifetime allowance.

The government will maintain the pensions Lifetime Allowance at its current level until April 2026, removing the usual annual incremental rises.

The following questions and answers are intended to help you avoid this tax charge.

Q: What is the lifetime allowance?

A: The LTA is a limit on the amount you can withdraw in pension benefits in your lifetime before you trigger an additional tax charge. By pension benefits, we mean money you receive from your pension in any form, whether that's a lump sum, a flexible income, an annuity income or through any other method.

This allowance applies to your total pension savings, which may be in different pensions.

Q: How much is the lifetime allowance?

A: In the 2021/22 tax year, the LTA is £1,073,100. This allowance has now been frozen until April 2026.

Q: What happens if you exceed the lifetime allowance?

A: Once you have received your full LTA in pension benefits, you will be required to pay an additional tax charge on any further benefits you receive.

If you take your remaining benefits as a lump sum, you'll pay a tax charge of 55%. If you take your remaining benefits as multiple withdrawals, you'll pay a tax charge of 25% on each one.

Q: How is the usage of your lifetime allowance measured?

A: Each time you access your pension benefits (for example, by purchasing an annuity, receiving a lump sum or establishing a flexible income), this is recorded as a 'benefit crystallisation event'. There is an additional benefit crystallisation event when you turn 75, and finally, upon your death.

Q: Is lifetime allowance protection available?

A: You can only protect your pension from the LTA if your savings were worth more than £1 million on 5 April 2016. You may be able to protect your pension savings up to £1.25 million, or up to the value of your pension on that date, depending on the type of protection you have.

Q: Is it possible to avoid the lifetime allowance?

A: If you do not have LTA protection and you are approaching the limit, there are various actions you can consider. These include stopping your contributions (and, instead, investing your money into an alternative tax-efficient environment), changing your investment strategy or starting retirement earlier.

Q: Who does the lifetime allowance affect most?

A: The LTA affects high earners and those approaching retirement age the most, including those with defined benefit pensions. As the value of high earners' pensions rises over the next five years towards a lifetime limit that will remain fixed, more and more individuals may find they need to stop contributing to avoid breaching the limit.

Q: When should you seek professional advice?

A: The rules around the LTA are very complex and making the right decisions can feel difficult. Receiving professional financial advice will help to identify if you have a problem and offer different solutions to consider, based on a full review of your unique circumstances.

Retirement options

How to ensure a comfortable retirement

The pension freedoms 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.

Once you reach 55, you can access your pension pot.

You can take some or all of it, to use as you need, or leave it so that it has the potential to continue to grow. When you take your pension, some will be tax-free but the rest will be taxed.

The amount taxable will depend on your circumstances, which can change. Tax rules can also change in the future. It's up to you how you take benefits from your pension pot. You can take your benefits in a number of different ways.

Choosing which method

You'll need to choose which method you use to do so, with options including: buying an annuity (a guaranteed income for life), taking income through flexi-access drawdown, withdrawing lump sums or a combination of all of them.

There are advantages and disadvantages to each method, and in some cases your decision is permanent.

Which option or combination is right for you will depend on:

- Your age and health
- When you stop or reduce your work
- Whether you have financial dependents
- Your income objectives and attitude to risk
- The size of your pension pot and other savings
- Whether your circumstances are likely to change in the future
- Any pension or other savings your spouse or partner has, if relevant

Everybody's situation is different and it's important to seek professional advice to understand and maximise all your options.

Early retirement

A year lost for saving and a year added for spending

An increasing number of people have been forced into early retirement due to the economic impact of the coronavirus (COVID-19), with many worried about how they'll make ends meet in the future. Because of the pandemic, we are currently in a challenging economic period. The global economy has taken over ten years to recover from the shock of the last financial crisis.

In a survey, the findings showed that 3% of people in the 55-64 age group have taken early retirement due to the coronavirus pandemic. And 4% of people in this age group have had to access some of their pension savings to cover living costs because their income has dropped due to redundancy or reduced pay. These percentages may seem small, but they represent hundreds of thousands of people.

Risks of early retirement

While early retirement may sound like a dream come true, for those without insufficient pension savings it can be a ticking time bomb. Every year of early retirement will have an impact on your pension, in that it represents both a year lost for saving and a year added for spending. Simply put, you'll need to make less money last longer.

Unless you've budgeted carefully and are sure you have enough savings, you could run the risk of your pension running out in your later years. This is an expensive time for many people, due to the cost of financing care, and that can result in unexpected hardship.

Planning for early retirement

If you're planning early retirement, you should consider the following steps:

- Calculate all your savings in different pension pots to find out what your total is.
- Track down any lost pensions from previous employers and add these to your total.
- Check how much of the State Pension you can expect to receive, and from what age.
- Create a budget for your retirement spending, making sure to include any additional future costs you're aware of and a little extra for future costs you're unaware of. Be honest about how much you'll need.
- Make sure that the total you have in pension savings, when combined with the State Pension you'll receive, is sufficient to cover all your future costs.

Alternatives to early retirement

If your financial situation is forcing you to withdraw from your pension but you're not ready yet to stop saving, there are ways to access your pension that do not affect your annual allowance and therefore allow you to continue contributing at the same rate in the future.

These include:

- Taking up to 25% of your savings as a tax-free lump sum (from a defined contribution pension) Accessing a defined benefit pension (if you have one)
- Withdrawing a pension pot worth under £10,000 in its entirety under 'small pots' rules
- Buying certain types of annuity

Can you afford to retire early?

We know that you work hard for your money, so you should be able to enjoy it as much as possible. When planning for retirement, there are now more choices available than ever before. By understanding precisely what you'll need to get to where you want to be, you can ensure you're prepared for the future.

So when working out if you can afford to retire early, your starting point should be to think about whether your savings and investments will be enough to cover all your outgoings, as well as all your essential living costs and any regular debt repayments you may have to make.

Busting the myths about pensions

Reinvent your future

If you are approaching retirement age, it's important to know your pension is going to finance your future plans and provide the lifestyle you want once you stop working. Pension legislation is extremely complex and it's not realistic to expect everyone to understand it completely. But, since we all hope to retire one day, it is important to get to grips with some of the basics.

Many of us have made pension provision, but some of us don't know very much about the details. To help you get a handle on some of the myths around pensions, we've got answers to some of the things you may have been wondering about.

It's particularly helpful to become aware of the things you may have thought were facts that are actually myths. Here are some examples.

Myth: The government pays your pension

Fact: The government pays most UK adults over the pension age a State Pension, which is currently:

- Retired post-April 2016 full rate State Pension of £185.15 a week
- Retired pre-April 2016 full rate basic State Pension of £137.60 a week (a top-up is available for some, called the Additional State Pension)

Not everyone is eligible for the full amount, which requires you to have at least 35 qualifying years on your National Insurance record. If you have less than ten qualifying years on your record, you'll receive nothing.

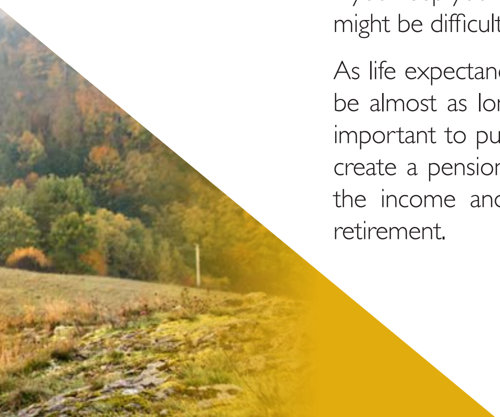
Even if you receive the full amount, you'll usually need to supplement it with your own pension savings.

Myth: Your employer pays your pension

Fact: Most people are automatically enrolled into a workplace pension. Your employer is usually required to pay a minimum of 3% of your salary into it and you must also pay a minimum of 5% of your salary.

If you keep your contributions at the minimum level, it might be difficult to save enough for retirement.

As life expectancies grow longer, your retirement can be almost as long as your working life. It's therefore important to put aside a portion of your earnings to create a pension pot that will enable you to receive the income and live the lifestyle you want during retirement.



Myth: You can't save more than your lifetime allowance

Fact: There is a lifetime allowance on the benefits you can access from your pension, which is currently £1,073,100 (tax year 2021/22). That doesn't mean that you can't withdraw any more after that, but it does mean that you'll pay a tax charge of up to 55%. However, there are ways of withdrawing the money with a tax charge of 25%.

Myth: Your pension provider's default fund is suitable for everyone

Fact: Most pension default funds will start out with a high-risk strategy and steadily move your capital into lower-risk investments, such as bonds and cash, as you get closer to retirement. This is to reduce volatility in the value of your investments so that you can have a higher degree of confidence in how much you'll eventually end up with.

If you don't plan to purchase an annuity, you don't necessarily need to reduce volatility before retirement. You may be leaving some of your money invested for several more decades, in which case a higher risk strategy may be more appropriate.

Myth: Annuities are outdated

Fact: There was a time when almost everyone bought an annuity when they retired, and that time has passed because there are now alternative ways to access your pension savings.

But annuities still have a useful role for generating a retirement income and can be an appropriate product for some people. Unlike other pension withdrawal methods, such as drawdown, an annuity offers a fixed income for life, so there's no risk of your money running out. That's a crucial benefit for many pensioners.

Myth: You can't pass on a pension

Fact: If you've used your pension savings to purchase an annuity, the income from this will usually cease when you die. But if you have pension savings that you haven't used to buy an annuity (for example, if you've been taking an income through drawdown), what's left can be passed on to a loved one.

If you die before the age of 75 there will usually be no tax to pay by the beneficiary. Otherwise, they will need to pay Income Tax according to their tax band.

ellis bates

Reboot, rewire or retire?

More people are planning to stagger work or work flexibly

Giving up the 9-to-5 doesn't necessarily mean stopping work. But retirement planning has taken on an entirely new dimension as a result of the COVID-19 pandemic outbreak with many big questions being asked.

When you picture yourself in your golden years, are you sitting on a beach, hitting the golf course or still working behind a desk? For many people of retirement age, continuing to work is an option they are considering.

Increasingly, people are planning to stagger work or work flexibly. This can really appeal to some individuals who have caring responsibilities or health issues, or who are thinking about retiring in the next few years.

Sudden transition from working five days a week

Several decades ago, working and retirement were binary terms, with little overlap. People were either working (and under the age of 65) or had hit the age of 65 and were retired. That's no longer true, however, as staggered retirement is becoming more popular and more common.

Few people benefit from the sudden transition from working five days a week to not working at all. Retirement can ften be an unsettling period and it's not surprising given that the most common path into retirement is to go 'cold turkey' and simply stop working.

More flexible retirement and working part-time

Research has highlighted the fact that fewer people are deciding against completely stopping working and are opting for a staggered and more flexible retirement and working part-time. Nearly one in three (32%) pensioners in their 60s and 16% of over-70s have left their pensions untouched.

And of those who haven't accessed their pension pot, nearly half (48%) of those in their 60s, and 24% of over-70s, say it is because they are still working. With people living longer, and the added prospect of health care costs in later life, retirees increasingly understand the benefits of having a larger pension pot in later life.

Pensions are required to last as long as possible

Of those who haven't accessed their pension pot, half (51%) say it is because they are still working while more than a quarter (25%) of people in their 60s say it is because they want their pensions to last as long as possible.

Of course, retirees who haven't accessed their pension pot must have alternative sources of income. When asked about their income, nearly half said they take an income from cash savings (47%), others rely on their spouse or partner's income (35%) or the State Pension (22%), while 12% rely on income from property investments.

Offering people different financial and health benefits

This trend for staggered retirements offers many financial and health benefits. It is often taken for granted but continued good health is one of the best financial assets people can have. The benefits of working – such as remaining physically active and continued social interaction can make a big difference to people's mental wellbeing and overall health in retirement.

People are increasingly making alternative choices about retirement to ensure that they do not run out of money, but it's also really important to make pension savings work past retirement age so as not to miss out on the ability to generate growth above inflation for when there is the requirement to start drawing a pension.

Rethinking plans

Pessimism about achieving retirement goals due to the impact of the pandemic

The coronavirus (COVID-19) pandemic crisis has thrown the retirement plans of some of the nation's retirees up in the air. As a result, a number of people over 50 and in work are set to delay their retirement (15%) by an average of three years, or keep working indefinitely (26%), as a direct result of COVID-19, according to research.

The pandemic is forcing a widespread rethink of retirement plans. Currently 1.5 million workers aged over 50 are planning to delay their retirement as a direct result of the pandemic. The most recent data from the Office for National Statistics highlights that the number of workers aged above 65 years is at a record high of 1.42 million. However, if people change their retirement plans in response to the pandemic, this could increase considerably.

Five years or more retirement delay

One in six people aged over 50 and in work (15%) believe that they will delay, while 26% anticipate having to keep working on a full or part-time basis indefinitely, due to the impact of the virus. On average, those who plan to delay their retirement expect to spend an additional three years in work. However, 10% admit they could delay their plans by five years or more.

These figures are significantly higher for the 26% of over-50s workers who have been furloughed or seen a pay decrease as a result of the pandemic. One in five (19%) of these workers will delay and 38% expect to work indefinitely.

Forced to rethink retirement plans

The financial impact of the COVID-19 pandemic seems to be particularly pronounced for people aged over 50 who are still in work. While some people will choose to work for longer, or indefinitely, the key consideration when it comes to this research is that it seems this decision has been driven by the financial impact of the pandemic, rather than personal choice.

Should I postpone my retirement due to the coronavirus? Is postponing retirement the right strategy? Or does staying with my original retirement strategy make more sense?

We are here to help.

Providing an income or nest egg for your loved ones

Planning your family's future

If you've spent a lifetime saving for retirement, you would probably like any remaining money to go to a loved one after your death. But whether pension benefits are payable to a beneficiary, and how they'll receive them, is dependent on the type of pension you've chosen and how you've accessed it in your retirement. Thanks to changes in the way that pensions are taxed, more of your fund can survive your death and provide an income or nest egg for your loved ones to enjoy, long after you are gone. Since April 2015 it has been easier to safeguard your pension for your heirs, but it's important to make sure you're keeping up with the changes.

The way that you decide to take your pension will affect what you can do with it when you pass away. And while it's not always easy to talk about, the way you eventually pass on your pension has the biggest impact on other people, so it could help if you talk to your spouse, partner, children or other people close to you when you're deciding how you take your pension savings.

Pension death benefits

If you have not yet accessed your pension, or you have made withdrawals from your pension but left some money invested, it can usually be passed to a beneficiary after your death. The specifics, for example, in what form they will receive these death benefits and whether they will pay tax, will depend on your individual circumstances (such as your age) and the scheme rules.

You should always obtain professional financial advice to assess your specific situation. But if your pension scheme allows you to choose a beneficiary, ensure you have named the person you intend to leave your money to.

Annuity death benefits

If you have used your pension savings already to purchase an annuity, this can only be passed on to a beneficiary in certain cases, which must be established when the annuity is purchased. A typical lifetime annuity only provides a guaranteed income for the lifetime of the annuity holder, regardless of how long this is.

For your annuity income to go to a loved one after your death, you must choose either an annuity with a guarantee period (which provides an income for a set period, whether you are still living or not) or a joint life annuity (which provides an income for life for whichever partner lives longest).

State Pension inheritance

In certain circumstances, your partner can continue to receive your State Pension after your death. For example, if you're a man born before 1951 or a woman born before 1953, and you're receiving the Additional State Pension, this can be inherited by your partner (husband, wife or registered civil partner) after your death if they have reached the State Pension age.

HOW WE HELP OUR CLIENTS...

"Dax's professionalism has been exemplary in advising and guiding me to achieve my retirement goals. Throughout this journey Dax has inspired confidence that what I was hoping for was both achievable and realistic. Dax's patience and willingness to go the extra mile to make this happen has been particularly commendable. I look forward to working with Dax over my retirement years."

"In what I considered the tricky business of arranging an annuity for my retirement, the journey with Matthew Stirling representing Ellis Bates was a friendly and professional experience throughout. All the options available for my retirement fund were clearly explained, in language I could grasp. There was no pressure to adopt a particular solution, just good sound advice. So it's many thanks for a great service all round."

"My advisor, Dawn is a very personable person and explained everything in layman's terms. The retirement planning proposals have been clearly laid out using predictive graphs and costs are clearly highlighted. The service has been excellent and will be an ongoing relationship going forward into my retirement."

"Carol was very helpful in advising me with my pension options She explained it very well and as i have taken up her advise I feel that I have a secure income for my retirement and she has taken a lot of the stress out of the process of investing I would defiantly recommend her."

"Ellis Bates have been incredibly helpful especially pre retirement when Kim Bath gave us all the information we needed to consolidate our pensions and options to invest."

> With offices throughout the UK your Adviser offers face to face, video and telephone meetings, tailored to your preferences and schedule.

YOUR ELLIS BATES FINANCIAL SERVICES

- FINANCIAL & RETIREMENT PLANNING
- GENERATIONAL FINANCIAL PLANNING
- INDIVIDUAL & GROUP PENSIONS
- INVESTMENTS & SOCIALLY RESPONSIBLE INVESTMENTS
- INVEST DIRECT
- WILLS, TRUSTS, PROBATE & LASTING POWER OF ATTORNEY
- MORTGAGES & EQUITY RELEASE
- INSURANCE AND PROTECTION

INVESTORS IN PEOPLE®
We invest in people Gold

ellis bates

FINANCIAL ADVISERS

www.ellisbates.com