Quilter Financial Advisers

Guide to retirement

Your new beginning

What we'll cover:

If you would like this document or any other document in an alternative format e.g. braille, clear and large print or audio documents (cassette, CD, MP3 or Wav) or any other languages please let your adviser know.

Welcome to your guide to retirement

Retirement is often an exciting and significant milestone. This guide will help you understand your retirement options, so you can make the right choices with your adviser's help.

Your financial adviser will help you by:

- Understanding your personal financial situation and your goals.
- Provide you with options which are right for you.
- Ensure you have all the information you need to make a clear decision.
- Plan how best to invest your money to deliver the lifestyle you want.

Getting ready for retirement

The right preparation and advice can help you avoid any gaps in your retirement income and ensure you have enough money to do the things you enjoy.

To make your money last, you need to plan carefully and as early as possible. Your adviser will help you do this so you are well prepared to enjoy your retirement.

Your retirement income could come from a number of sources

People are taking a blended approach to retirement income. For example, your retirement income may come from:

- Traditional pension savings
- The basic state pension
- ISAs and investments
- Bonds
- Rental properties
- Employment, if you're working part time or are semi-retired

How your financial adviser will help you plan your retirement

The amount of tax you pay can considerably affect the amount of retirement income you receive and how long your money lasts. This is influenced by when and how you take money from your pension, as well as how you save for retirement.

One of the most important roles your adviser plays is to make sure you are saving and drawing income in the most tax-efficient way, to maximise the amount you receive.

Planning makes a real difference

Having a target income and getting the right financial advice can make a marked difference to your retirement income.

Your financial adviser will look at all the available options and how to use them to construct a retirement income that aims to meet your target.

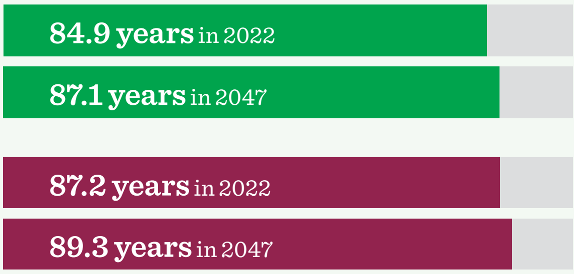
Withdrawing from your pension first may not be the best option. However, even if you are at a stage where you have already started to withdraw money from your pension, you can still invest in a pension plan and enjoy the tax benefits. Under current tax rules, you can invest up to £10,000 in a tax year and benefit from tax relief.

Your retirement income could need to last 20 years or more

Life expectancy projections[1]

Male life expectancy is projected to have increased to 84.9 years in 2022 – up 5.9 years from 1981. By 2047, this is projected to increase a further 2.2 years to 87.1.

Female life expectancy is projected to have increased to 87.2 years in 2022 – up 4.2 years from 1981. By 2047, this is projected to increase a further 2.1 years to 89.3.



Although actuaries calculate the average life expectancy of men and women, you must bear in mind that these are only averages. In most cases the nature of averages is such that you are around 50% likely to live longer than the average. This is important to bear in mind when planning for retirement.

1. Second State Pension age review: independent report call for evidence - GOV.UK (www.gov.uk)

Your retirement choices

Because pensions are so flexible, you have many choices available to you when you're ready to retire. Making the right decisions is crucial, so this is a key time when many people seek advice.

Your adviser will take into consideration your unique circumstances and advise on what the right decisions are for you. They will consider:

What your priorities are

When and how you decide to access your pension will depend on when you want to retire, and what you want to do. For example, you may want to:

- **Pay off your mortgage, go on holiday, or buy a new vehicle.**
- **Cut down your working hours and use your pension to top up your income.**
- **Have peace of mind that your everyday finances are taken care of, for life.**

How to fund your retirement

Your adviser will look at all your potential sources of retirement income to help your money stretch as far as possible, in the most efficient way, considering any legacy you wish to leave to loved ones.

Importantly, many pension plans don't force you to start withdrawing from your pension at state retirement age.

So, if it's an option for you, your adviser may suggest using other sources of income first and leaving your pension savings invested for as long as possible, to give them a chance to grow in a tax-efficient environment.

The tax implications of withdrawing money from your pension

You can take 25% of your pension fund tax-free, either as a lump sum or in instalments. While taking it all at once might seem appealing, your adviser will help you decide if it's the right option based on your health, immediate needs, and overall situation.

It's important to know that once you start withdrawing from your pension, there's a limit on how much you can pay in and still get tax relief. If you're still working, it might be better to wait before accessing your pension.

The different ways to withdraw money from your pension

Personal pension plans generally offer you three ways to withdraw money from your pension. These are outlined below.

You can choose a combination of options. Unless you use all your money to buy a regular, guaranteed income, you can also change your options over time.

There's no rush to decide – with most pensions you can leave the money in your pension pot untouched for as long as you want.

However, some older pension products might end at age 75; your adviser can check this with your pension provider to give you enough time to make a decision.

Your options when withdrawing money from your pension:

	Positive	Negative
1 Take it all in one go	You get a lump sum of cash to use straight away.	You could land yourself a large tax bill, and once your money's gone, it's gone.
2 Take a bit at a time (flexi-access drawdown)	You have the flexibility to take an income as and when you want, and leave the rest of your money invested so it has a chance to grow. This could be one-off lump sums or regular payments.	You need to manage how much you're taking, so you don't run out of money during your retirement. Because your money is invested, it might go up in value, but it could go down.
3 Turn it into a regular, guaranteed income (an annuity)	You get the security of having a regular, guaranteed income. This can be an income for life, or for a fixed number of years.	Once you've bought a regular, guaranteed income, you can't usually change your mind. Your income might be lower compared to other options.

71% of people receive information, advice or guidance before accessing their pension

16% Research shows that people taking advice have benefited by more than **16%** extra pension income compared to those who have not

https://ilcuk.org.uk/the-value-of-financial-advice

Department for Work and Pensions, Planning and Preparing for Later Life report 1008, June 2022. Findings relate to defined contribution (personal) pension plans.

Passing on your retirement savings

Your adviser can help you and your loved ones benefit from your pension as much as possible.

If you'd like to pass on your retirement savings, it's better to plan early

Pensions can be a good way to pass on your money in a tax-efficient manner but starting in 2027, pensions will be included in the Inheritance Tax (IHT) regime, which will reduce this benefit for those with larger estates.

When thinking about the legacy you want to leave, pension assets are usually distributed faster than going through the full probate process, so your loved ones can receive the money with less delay.

Ensure your pensions goes to the right person

To ensure your pension goes to the right person, you'll need to fill out an 'expression of wish' form. This tells your pension provider who you want to receive your money when you pass away.

This nomination isn't legally binding but your pension provider will consider it when deciding on your beneficiary so it's best to do this as soon as possible. If you didn't name a beneficiary when you set up your pension, your adviser can help you with this and make sure it stays up to date.

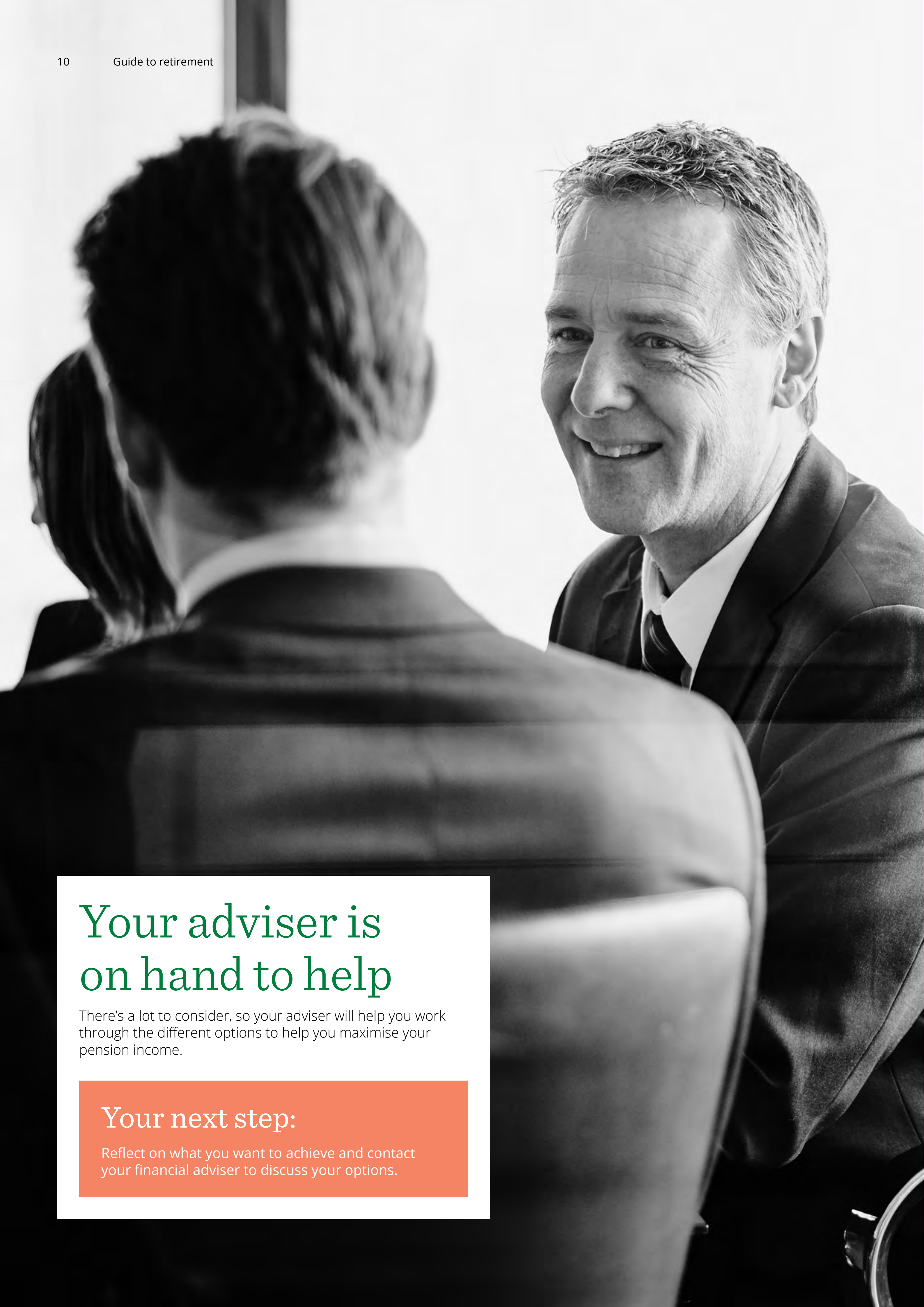
What tax do your beneficiaries pay on your pension savings?

This depends on how old you are when you die and how much you have in your pension savings.

*If you die **before** you reach age 75*	*If you die **after** you reach age 75*
Income tax	**Income tax**
Your beneficiary will not need to pay any income tax.	Your beneficiaries might have to pay income tax. If you have left money to a company, trust or charity, they will have to pay 45% tax.

The value of investments, pensions and the income they produce can fall as well as rise. You may get back less than you invested.

Tax treatment varies according to individual circumstances and is subject to change.



Your adviser is on hand to help

There's a lot to consider, so your adviser will help you work through the different options to help you maximise your pension income.

Your next step:

Reflect on what you want to achieve and contact your financial adviser to discuss your options.

The Quilter Foundation is Quilter's charity. The Quilter Foundation provides vital funding to carefully selected charitable organisations, focusing on education, employment and health & wellbeing.

To find out more visit:
www.quilter.com/the-quilter-foundation

www.quilter.com

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