Preparing for Retirement: How can we help?

Our handy 10-step guide on what you should know about retirement planning, and how we can help.

1

What is a comfortable amount of money to withdraw from my pension?
As you approach retirement, you may be wondering about your financial security. Our team of financial advisers can provide you with a pension forecast - a tailored solution to help you get the most out of your savings.

2

When can I afford to retire?
The answer to this depends on a range of factors. Your lifestyle will be the biggest factor in determining the budget required. While it may be tempting to retire sooner, sometimes waiting just that little longer is more beneficial.

3

Maximising my regular pension income, which method is most efficient?
When it comes to retirement planning, there's no one-size-fits-all answer. Your risk tolerance plays a significant role in determining the most effective method. A pension annuity provides a guaranteed income for the rest of your life, while pension drawdown gives you greater control over when and how you receive your payments. It’s important to note that with market movement, pension drawdown comes with potential risk, but during your initial no-obligation discussion, we can discuss the options that best suit your individual circumstances.

4

Understanding the importance of a tax code for pension withdrawals
If you are wondering why you need a tax code to withdraw money from your pension, it's because any income received beyond the tax-free lump sum that exceeds the Personal Allowance (currently £12,570) will be considered as taxable earnings. HMRC will notify you of your code, it’s important to review this to ensure it is correct and you are paying the correct tax amount.

5

When will I get my first pension payment?
The time it takes to receive your first pension payment can vary depending on the provider. It's important to review the terms and conditions of your various pension schemes, to ensure that you can complete any claim forms in a timely manner.

In relation to the State Pension, the current guidance from the Government indicates that you should expect to receive your first payment within five weeks of reaching the State Pension age, which currently stands at 66 years old. However, this is not an automatic process and requires you to make a claim. Be aware that the State Pension age will rise to 67 years old between 2026 and 2028.

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Making the most of my retirement sources: Pension vs. Alternative Funds?

The decision to use your pension funds or other sources of retirement income is a personal one that depends on your specific circumstances. However, it's worth noting that pensions offer tax relief on both personal contributions and withdrawals, while withdrawals beyond the 25% tax-free threshold are taxable. On the other hand, you may have alternative investments with more tax-efficient withdrawal options.

7

Using your spouse's tax thresholds for pension withdrawals: The Marriage Allowance Explained

The Marriage Allowance offers a unique opportunity for low-income pensioners who don't pay income tax or earn less than the Personal Allowance. They can transfer up to £1,260 of their Personal Allowance to their spouse or civil partner.

This transfer allows the basic rate earner (who falls within the range of £12,571 to £50,270) to add a tax credit of £1,260 to their Personal Allowance, potentially increasing their annual allowance to £13,830. This boost could significantly decrease their overall tax bill. While this system may seem complex, it's worth discussing with your adviser to determine how this could best work for you.

8

Passing on pension funds after death: What you need to know

This is an area that can be quite complex. It hinges largely on the type of pension you have, whether it's a defined benefit or defined contribution pension, and your age at the time of passing. Also worth considering are the rules of your particular scheme, whether you've begun drawing an income, and your chosen method of taking withdrawals.

To find the best solution for you and your family, it's best to speak with our team who can guide you through various options.

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Is downsizing or releasing equity from my home a good idea?

If you're looking to free up funds from your property, it's best to seek advice from a professional. Generally, the first option to consider is downsizing, which allows you to release capital that can potentially be invested, rather than paying interest on an equity release loan. Equity release is typically seen as a last resort.

10

Will I need to make sacrifices to my lifestyle when I retire?

Thinking about sacrifices to your lifestyle in your retirement years, may seem like something you'd rather not think, but it is important to do so. To gain a realistic understanding of what to expect during retirement, it's essential to review your pension forecast.

For a full review of your retirement options, speak to a member of our team today
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