PURELY PENSIONS

ISSUE 8 | JANUARY 2023

Taxing times

Time for a tax health check?

Time to get your retirement plans in motion?

Three in five Britons feel stressed about later life planning

Don't abandon pension contributions as prices rise

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State Pension is set for a record-breaking increase from April 2023

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Don't leave your future plans and lifestyle to luck – talk to Purely Pensions

Purely Pensions provide an impartial and client-focused advice service for individuals and group schemes and also assist IFAs with regards to complex retirement planning and Final Salary and Defined Benefit pension schemes. ■

Contact us for more information on the services we offer:

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Welcome

to the January 2023 issue of the *Purely Pensions* magazine.

In this issue, with the current tax year having begun on 6 April 2022, the clock is ticking and it is important to utilise all the tax reliefs and allowances available to you before 5 April 2023 in order to minimise any potential liabilities. Personal tax planning should be at the top of your agenda as the end of the current tax year is not too far away. Taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions. On **page 14** we look at some key things you might need to action before the tax year end.

On **page 18**, it's only natural, in a world where most people are worried about things that are beyond their control – the rising cost of living, increasing inflation and interest rates that haven't been seen for years – that you may also feel out of your depth when it comes to things like pensions and later life preparations. However, with a little planning and simple rules of thumb, you can feel more in control of your savings and know if you are on track for the lifestyle you want in your retirement.

As the cost of living continues to soar, with inflation reaching a 40-year high, the impact on household finances is taking its toll. But it is essential to try to maintain a savings habit even in the current climate. The impact of any breaks in pension contributions could mean savers miss out on thousands of pounds in future that will mean less income during retirement. Turn to **page 36** to see our tips for potential spending cutbacks in the current environment.

If you're currently receiving or have been looking into the State Pension, then you've probably heard of the 'triple lock'. But what is it? In the 2022 Autumn Statement, the Chancellor confirmed that the triple lock will be reinstated from 6 April 2023. This means the State Pension will rise in line with last September's inflation rate – 10.1% – in the 2023/24 tax year. Anyone receiving the State Pension will benefit from the triple lock. Read the full article on **page 06**.

A full list of the articles featured in this issue appears on **page 02**.

At Purely Pensions we provide personal financial advice for a confident retirement. If you would like to contact us, **please email info@purelypensions.co.uk to discuss your retirement plans.**

Chancellor retains State Pension triple lock

State Pension is set for a record-breaking increase from April 2023

If you're currently receiving or have been looking into the State Pension, then you've probably heard of the 'triple lock'. But what is it?

The triple lock was introduced in 2010. Its purpose is to make sure that the State Pension doesn't lose value over time. The triple lock aims to protect pensioners against the impact of inflation. If the State Pension didn't change but the price of goods and services continued to increase over time, then you wouldn't be able to buy as much with it. Meaning you'd be losing money in real terms.

In the 2022 Autumn Statement, the Chancellor confirmed that the triple lock will be reinstated from 6 April 2023. This means the State Pension will rise in line with last September's inflation rate – 10.1% – in the 2023/24 tax year. Anyone receiving the State Pension will benefit from the triple lock.

To make the guarantee even more secure, it included three separate measures of inflation, hence 'triple lock'. The three-way guarantee was that each year, the State Pension would increase by the greatest of the following three measures: average earnings; prices, as measured by the Consumer Prices Index (CPI); and 2.5%. The government usually compares the three rates in September, before implementing the correct rise the following April.

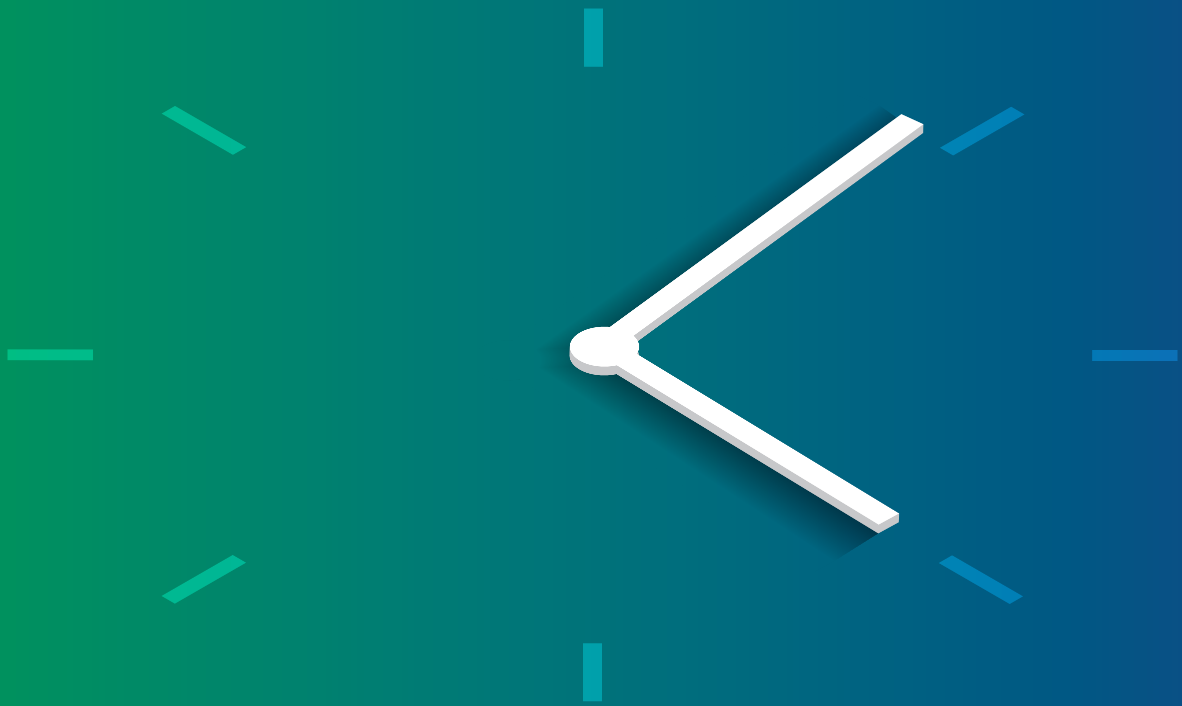
The State Pension triple lock has proved to be a burden for successive governments, as it has proven costly for the taxpayer. Because of people earning much less during the lockdowns of 2020, there was a big leap in average earnings of 8% come 2021 as people returned to work. The government announced that the triple lock would be suspended for the 2022/23 tax year. ■

What will your retirement look like?

It's never too early to be planning ahead. We can help you create a robust and flexible retirement plan. A plan that will consider your future expenditure and the impact of inflation, as well as making the best use of tax allowances. **To find out more, please get in touch.**

'Phased retirement'

Pre-retirees starting their plans but will rising living costs halt their plans?



Retiring early is a dream for many people and it is achievable for people who have been able to plan, save into a pension over a long period and taken financial advice to help them plan their finances. However, it can become a financial problem if retirement is forced upon people before they have had time to prepare.

It's estimated that to maintain your current lifestyle, you'll need around 60 – 70% of your present monthly income. The reduced outgoings are due to not having a mortgage to pay, reduced commuting spend and, hopefully, your children can now support themselves financially.

Lifestyle you want

But those people retiring early have less time to save into a pension fund and their fund needs to last longer. They potentially will have a reduced retirement income and run a greater risk of running out of money in retirement.

People planning for retirement should think hard about what they want to do when they eventually stop work. It is helpful to have a good idea of the lifestyle you want, how much it will cost and how you are going to pay for it.

Retirement nest egg

Retirement might seem a lifetime away for younger people who are concentrating on their careers, buying a home or raising a family but they can take action now to secure their retirement. The simplest option is make sure you join your company pension and save as much as you can. Making additional contributions early in your career can make a huge difference to the size of your retirement nest egg.

Research[1] has found that 34% of pre-retirees[2] (those aged 55+ who are still in some form of work) have already started phasing into retirement – equating to 3.3 million[3] employees. The study reinforces the idea that retirement is no longer a line in the sand.

Perception of later life

The number of pre-retirees considering a gradual or phased move into full retirement shows how much the perception of later life has changed in recent years. However people choose to approach retirement, it's important they see it as something that should be actively managed, and not something they already feel they are 'in' or have 'done'.

Almost half (48%) of all employees aged 55+ expect that they will cut down the amount they work rather than completely stopping, with one in seven (14%) planning to wind down over the next year.

Phased retirement route

Many people want to take the phased retirement route by reducing their hours, so they can keep their job but lessen their stress (37%). However, most people have revealed they are making the decision because they simply cannot afford to retire fully (44%).

On average, over half (54%) of all people who are taking a phased approach to retirement are working 15+ hours less every month, consequently earning £9,150 less every year. As a result, many expect to have to adjust their lifestyle (38%), and some even anticipate they could struggle with meeting the cost of household essentials (17%).

Potential gap in salary

Despite the intention to slow down at work, the cost of living has had an impact, with one in ten people who had begun to phase into retirement having to increase their work commitments again. In addition, two-fifths (40%) of people who anticipated gradually moving into retirement in the next five years now worry living costs might mean this plan is not possible.

For those wanting to keep their options open while also looking for ways to supplement their income, flexible products such as fixed term annuities can play an important role. They provide a guaranteed income for a set time – in some cases as little as three years, helping to bridge any potential gap in salary. ■

Finding it challenging to navigate your retirement plans?

With the increased pressures applied by the cost of living crisis, your money must go further than it ever has done. Ultimately, the key thing is to make sure you are making well-informed decisions about what works best for you. If you would like to discuss your situation, **please contact us for more information.**

Source data:

[1] Research was carried out online by Opinium Research amongst 4,000 UK adults between 14– 20 October. The results are weighted to nationally representative criteria.

[2] 'Pre-retirees' refers to those aged 55+ who are still in some form of work

*[3] On a nat rep survey of 4,000, 248 55+ year-old workers have already taken a phased approach to retirement (248/4,000 *52.890m = 3.3m)*

> "Almost half (48%) of all employees aged 55+ expect that they will cut down the amount they work rather than completely stopping, with one in seven (14%) planning to wind down over the next year."

No 'one-size-fits-all' protection solution

Helping you feel confident your family's finances are secure

With a New Year comes resolutions. Everyone should make a resolution to review their protection and estate plans. A solid plan will help you feel confident your family's finances are secure.

The uncertainty of the past couple of years has shown how important it is to have a robust plan in place for securing your family's finances. While no one knows what is around the corner, reviewing your protection, updating your Will and creating an estate plan will help you rest assured that the financial side of things is taken care of.

These are some of the main considerations:

Protect against illness and death

It is essential to make sure that you have adequate protection in place, depending on your particular circumstance. There is no 'one-size-fits-all' protection solution so receiving professional advice is important when considering the right products for you and your family's needs. This will ensure that your finances remain secure if illness or death happens unexpectedly, giving peace of mind to you and your loved ones at what could otherwise be a difficult time.

A life insurance policy is one of the most important types of protection to have in place. It pays out a lump sum if you die during the duration of the policy, helping your family to pay off their debts, maintain their lifestyle or cover any other expenses they may have.

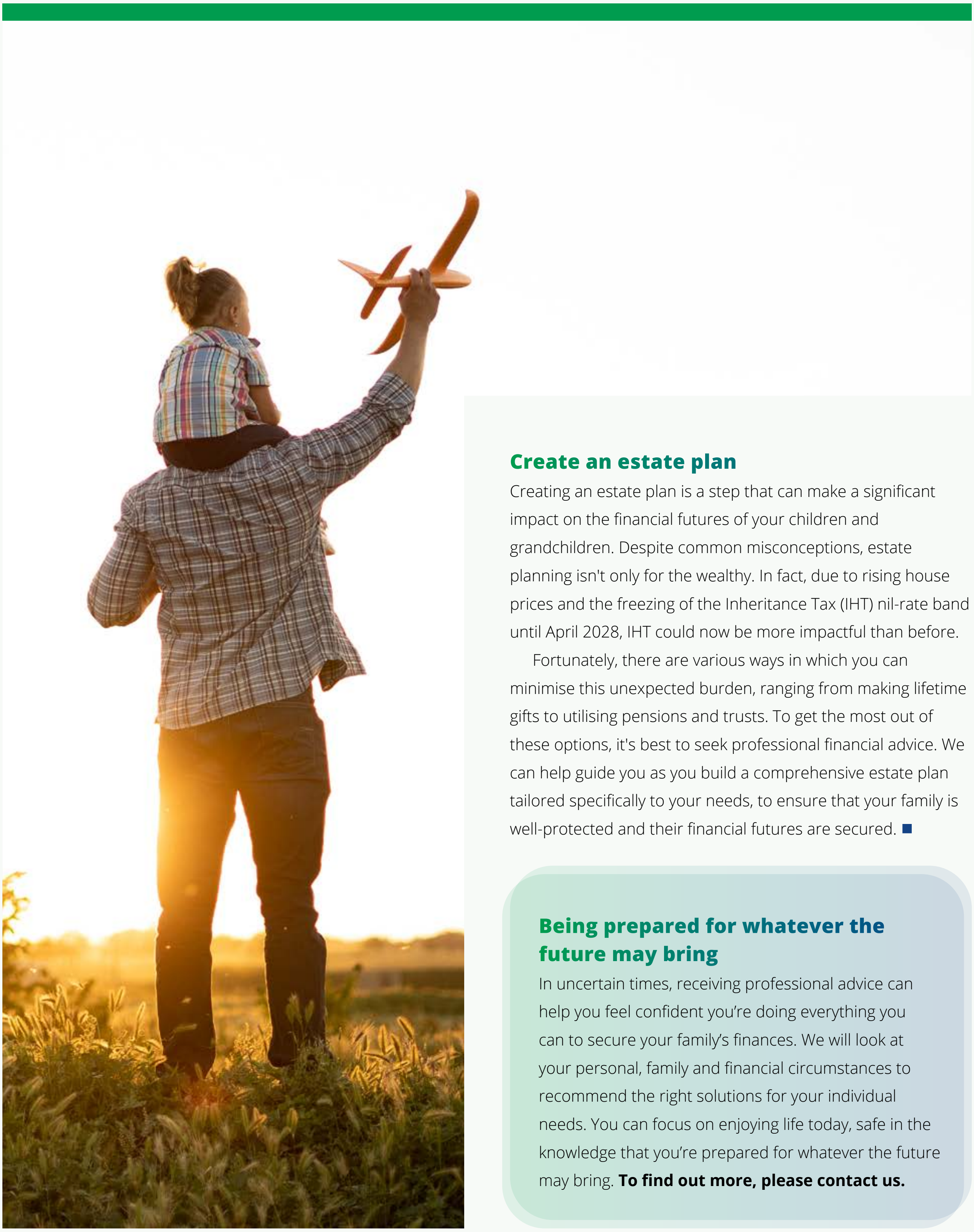
Critical illness cover can also provide valuable financial protection in case you are diagnosed with a specified serious illness while your policy is active. This type of cover will pay out a tax-free lump sum if you are diagnosed with an eligible condition, allowing you to concentrate on getting better without having to worry about bills piling up.

Income protection is also worth considering when developing your financial plan. This type of cover provides regular payments should you become ill or injured and are unable to work. This can help you cover your regular outgoings, such as mortgage payments or rent, while you recover.

Write or review your Will

Writing or reviewing your Will is essential for making sure that your wishes are respected and carried out after you pass away. It ensures that your money and other assets go to the people and causes you care about, such as relatives, family friends, charitable organisations, etc. Additionally, it provides you with the opportunity to appoint guardians for any children in your life, so they can be looked after by people you know and trust.

If you don't have a Will in place when death occurs, then the rules of intestacy will be applied to distribute your assets and possessions according to legal guidelines. These might not always align with what you would have wanted. Therefore, it is important to obtain professional advice on how best to proceed with making a professional Will. Doing so can help to ensure that your wishes are appropriately recorded and respected, even after you've gone. With the right professional advice and guidance, writing or reviewing your Will provides peace of mind that comes with having your affairs in order.



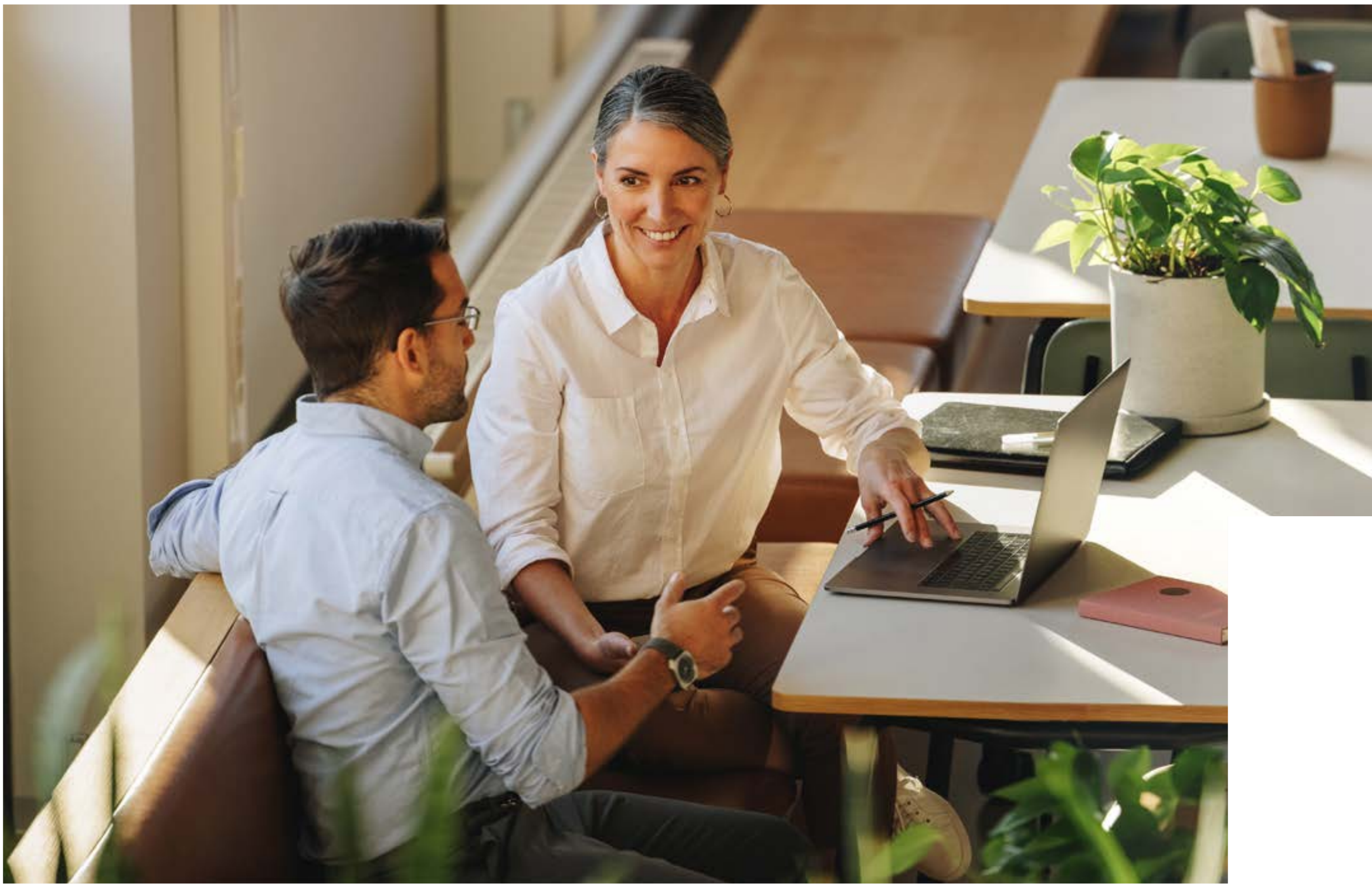
Create an estate plan

Creating an estate plan is a step that can make a significant impact on the financial futures of your children and grandchildren. Despite common misconceptions, estate planning isn't only for the wealthy. In fact, due to rising house prices and the freezing of the Inheritance Tax (IHT) nil-rate band until April 2028, IHT could now be more impactful than before.

Fortunately, there are various ways in which you can minimise this unexpected burden, ranging from making lifetime gifts to utilising pensions and trusts. To get the most out of these options, it's best to seek professional financial advice. We can help guide you as you build a comprehensive estate plan tailored specifically to your needs, to ensure that your family is well-protected and their financial futures are secured. ■

Being prepared for whatever the future may bring

In uncertain times, receiving professional advice can help you feel confident you're doing everything you can to secure your family's finances. We will look at your personal, family and financial circumstances to recommend the right solutions for your individual needs. You can focus on enjoying life today, safe in the knowledge that you're prepared for whatever the future may bring. **To find out more, please contact us.**



Menopause in the workplace

Unique retirement planning challenges women face

Women make up nearly half of the UK workforce, but many feel forced to reduce their hours at work, pass up promotions and even leave their jobs due to lack of menopause support. While symptoms vary between individuals, for many women the menopause can have a big impact on their everyday life.

It's only further down the line that the resulting missed pension contributions become apparent, but by then it may be too late. A new report, 'Bridging the Gender Pension Gap',[1] looks at the unique retirement planning challenges women face, as well as the contrasting attitudes and savings behaviour of women and men.

Significant gender pension gap

Women face a number of challenges that could limit their ability to save for retirement and, ultimately, contribute to a significant gender pension gap. These include an unequal distribution of caring responsibilities, the eligibility criteria for automatic enrolment which disadvantages those (mainly women) in

part-time work, and the menopause.

Despite the menopause being a life event that almost all women will encounter as they grow older, it is a factor widely unregistered when discussing women's retirement savings. Menopausal symptoms have forced thousands of women to reduce their hours or, worse still, leave work altogether. As a result, these women are missing out on important pension savings at a key stage in their life.

Saving when approaching retirement

The analysis demonstrates the dramatic impact the menopause can have on women's pension savings. A 50-year-old woman in full-time work until the State Pension age of 67 could be better off by over £126k in pension savings when compared to a counterpart who stopped working at the same age. Women reducing their working hours at age 50 could lose out on £63k in their pension pot.

Workers are most focused on saving when approaching their retirement. Those aged 55 and over are saving the greatest amount, more than twice as much as those aged 18-34. Being able to save during this stage of life is critical to achieve healthy retirement savings.

Earnings as a barrier to saving

There are significant disparities between women and men when it comes to their confidence, approach to, and outlook for retirement. The research finds that men are saving more into their workplace pension. Just 20% of eligible women contribute over the statutory minimum of 8% to their workplace pension, compared to 28% of men.

Earnings present a key barrier to women saving more. 50% of women view their earnings as a barrier to saving more versus just 30% of men. As a result of saving less, women are significantly less confident than men that their pension contributions will be enough to provide them with sufficient income for the duration of their retirement.

Susceptible to leaving the workforce

Almost half of women (48%) said they weren't confident, compared with only 28% of men. Overall, women have much wider and deeply felt concerns about what retirement may have in store for them. While the introduction of automatic enrolment ten years ago helped more women than ever save into a pension, the UK still faces a yawning gender pension gap.

Women in their 50s, for a variety of reasons, are much more susceptible to leaving the workforce than men. Separate studies show that caring responsibilities mean women are twice as likely to be forced to leave their job than men. However, a notable barrier to remaining in work, which is only just beginning to receive increased awareness, is the menopause. ■

Are you confident you have enough money for a comfortable retirement?

For most, retirement will be funded in the main by a pension. It is therefore vital you have a robust plan in place that will allow you to grow and protect your pension, both now and in the future. With ever-changing rules and regulations, we now have a pension system that is often difficult to navigate, putting many off using this as a savings vehicle. **To find out more, speak to us to discuss your options.**

Source data:
[1] Royal London partnered with independent research agency Cicero/amo to undertake a nationally representative survey of 3,042 adults in the UK. Fieldwork was conducted between 13–24 May 2022.

Based on women having £100,000 fund at age 50, salary of £40,000 for full time and £20,000 for part time, 10% pension contributions based on full earnings and 5% fund growth, their respective fund sizes at age 67 would be £355,510 for the full-time worker and £292,356 for the part-time worker – a difference of £63,154.

Taxing — times —

Time for a tax health check?

With the current tax year having begun on 6 April 2022, the clock is ticking and it is important to utilise all the tax reliefs and allowances available to you before 5 April 2023 in order to minimise any potential liabilities.

Personal tax planning should be at the top of your agenda as the end of the current tax year is not too far away. Taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions.

At the same time, you should be considering whether there are any planning opportunities that you need to consider either for this tax year or for your long-term future. We've listed a few reminders of the issues you may want to consider as worthy of including in your 2022/23 tax health check to-do list.

Some key things you might need to action before the tax year end

Personal reliefs: Married couples should consider utilising each person's personal reliefs, as well as their starting and basic rate tax bands. Could you make gifts of income-producing assets (which must be outright and unconditional) to distribute income more evenly between you both?

Salary sacrifice: This is an especially tax-efficient way for you to make pension contributions, to save and reduce your Income Tax and National Insurance. Have you considered exchanging part of your salary for payments into an approved share scheme or additional pension contributions?

Pensions annual allowance: Unless you are an additional rate taxpayer or have already accessed pension benefits then you are entitled to make up to £40,000 of pension contributions per tax year. Have you fully utilised your tax-efficient contributions for this tax year or any unused allowances from the three previous tax years?

Stakeholder pensions: A stakeholder pension is available to any United Kingdom resident under the age of 75. Children can also make annual net contributions of £2,880 per year, making the gross amount £3,600 regardless of any earnings. It is also a very beneficial way of giving children or grandchildren a helping hand for the future. Is this an option you or a family member should be utilising?

Large pension funds: The Lifetime Allowance (LTA) is currently £1,073,100 and has been frozen at this level until the 2025/26 tax year. The maximum you can pay in is £40,000 unless you pay tax at 45% in which case the annual limit could be as low as £4,000. Inflationary increases by the end of the current tax year could also have an impact on your pension funds. Do you have a plan in place to protect your money from this?

Pension drawdown: If your are 55 or over you could access 25% tax-free cash from your Defined Contribution (also known as Money Purchase) pension pots and invest the rest. However, drawing large amounts in one tax year can lead to a larger tax bill than if spread over a longer period. Do you know the implications of taking money out of your pension pots?

Passing on your pension: Usually called a 'spousal by-pass trust', although the recipient may not always be a spouse, this is a discretionary trust set up by the pension scheme member or pension holder to receive pension death benefits. Are your pension death benefits written in trust?

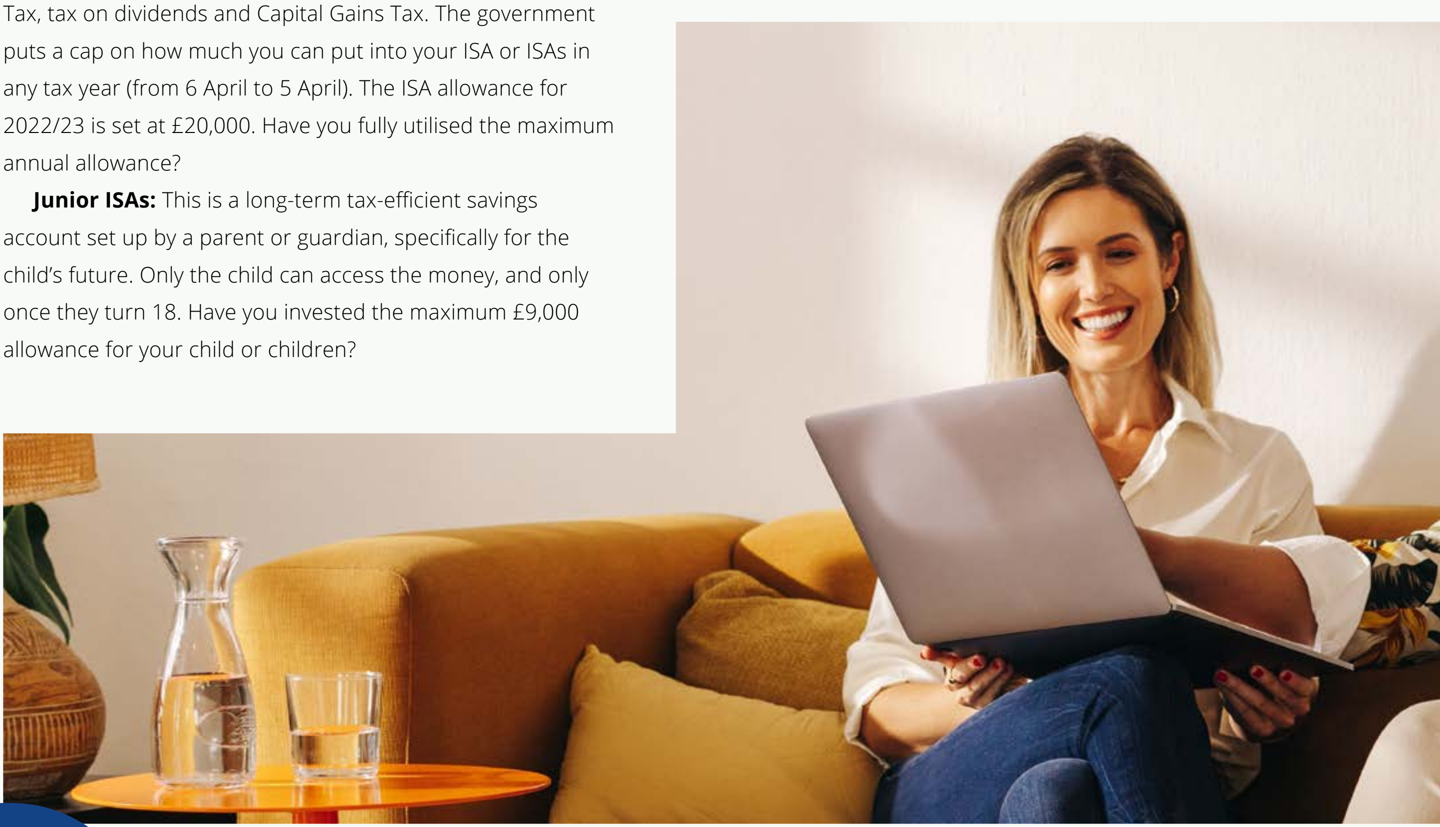
Individual Savings Accounts (ISAs): An ISA allows you to save and invest tax-efficiently into a cash savings or investment account. The proceeds are shielded from Income Tax, tax on dividends and Capital Gains Tax. The government puts a cap on how much you can put into your ISA or ISAs in any tax year (from 6 April to 5 April). The ISA allowance for 2022/23 is set at £20,000. Have you fully utilised the maximum annual allowance?

Junior ISAs: This is a long-term tax-efficient savings account set up by a parent or guardian, specifically for the child's future. Only the child can access the money, and only once they turn 18. Have you invested the maximum £9,000 allowance for your child or children?

Lifetime ISAs (LISAs): The Lifetime ISA (Lisa) is a tax-efficient savings or investments account designed to help those aged 18 to 39 at the time of opening to buy their first home or save for retirement. The government will provide a 25% bonus on the money invested, up to a maximum of £1,000 per year. You can save up to £4,000 a year, and can continue to pay into it until you reach age 50. Could you be taking advantage of this very tax-efficient option?

Capital Gains Tax (CGT): There are two different rates of CGT – one for property and one for other assets. If your assets are owned jointly with another person, you could use both of your allowances, which can effectively double the amount you can make before CGT is payable. If you are married or in a registered civil partnership, you are free to transfer assets to each other without any CGT being charged. It is currently £12,300 but will be reduced to £6,000 from 6 April 2023 and £3,000 from 6 April 2024. Have you fully used your current £12,300 annual exemption?

Inheritance Tax (IHT) relief: IHT must be paid on the value of any estate above £325,000, or £1 million for married couples. However, certain business assets, including shares and farmland, in private trading companies can qualify for 100% relief from IHT. The government has frozen the IHT thresholds for two more years to April 2028. Are you taking advantage of the reliefs available to you?



Residence nil-rate band (RNRB): This allowance was introduced during the 2017/18 tax year and is available when a main residence is passed on death to a direct descendant. The allowance is currently £175,000. When combined with the nil-rate band of £325,000, this provides a total IHT exemption of £500,000 per person, or £1 million per married couple. If you are planning to give away your home to your children or grandchildren (including adopted, foster and stepchildren) the RNRB must be claimed. There is a form for this purpose – IHT435. The form is available on the Gov.uk website. If applicable, have you applied for the RNRB?

Charitable and personal gifts: If you leave at least 10% of your net estate to charity a reduced inheritance rate of 36% applies rather than the usual 40%. Other exemptions apply for inter-spousal transfers, transfers of unused annual income, business and agricultural assets, and for various other fixed, small amounts. Are you intending to make gifts before the end of the current tax year?

Trust funds: These help protect your assets and guarantee that your loved ones have financial stability for their future. Crucially, a trust can help to avoid IHT and ensure that the majority of your money, shares and equity are passed on in the most efficient way. Should you consider setting up a trust?

Future legislation could potentially result in changes to tax law, which could in turn require adjustments to your plans. ■

Want to talk about a tax health check?

We hope you find this checklist useful, but please bear in mind that this only provides a summary of the options available and not all options will be suitable for everyone. **Therefore, for more information in respect of the ideas outlined, please contact us.**

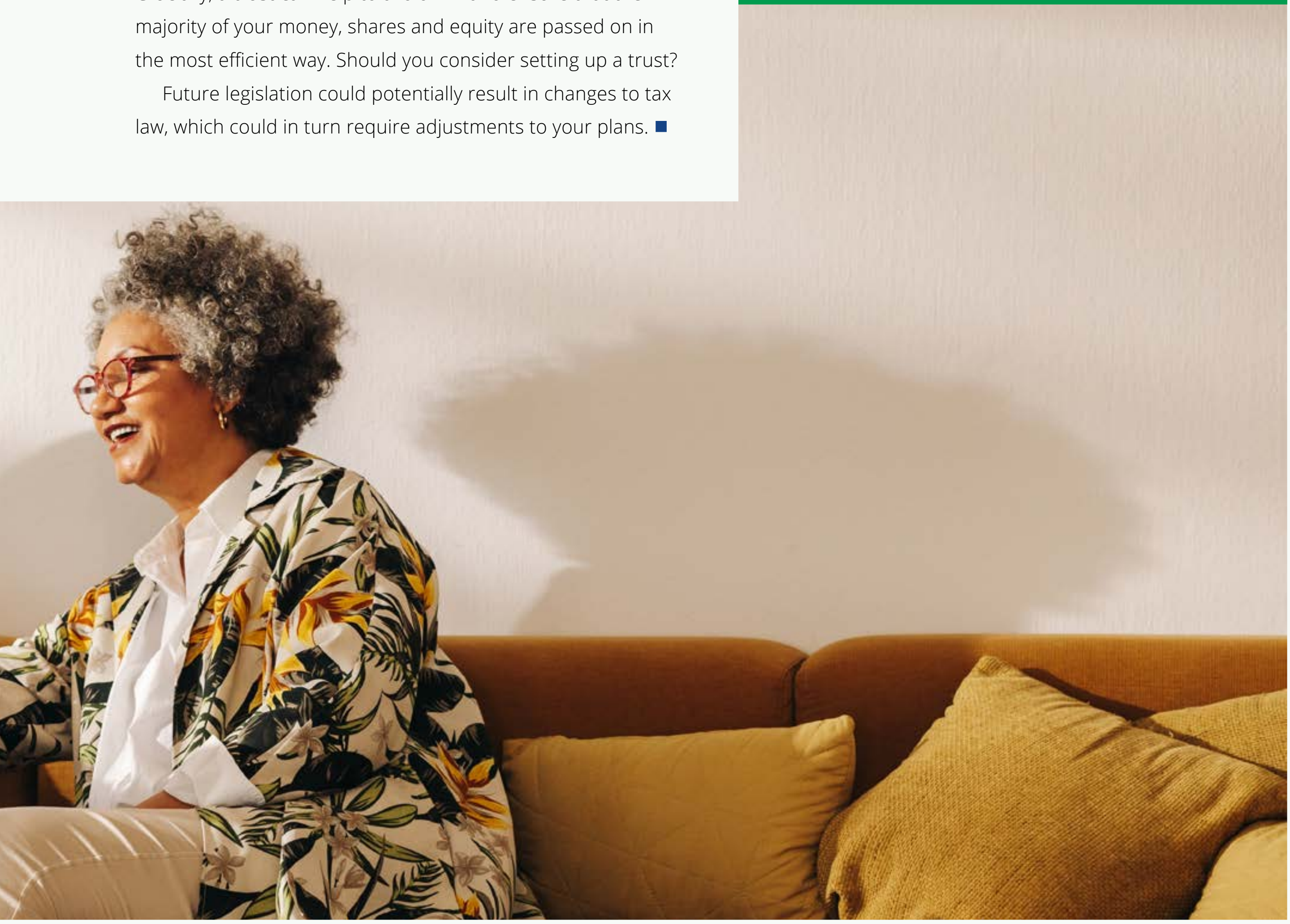
A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

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

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

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

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION AND TRUST ADVICE. TRUSTS ARE A HIGHLY COMPLEX AREA OF FINANCIAL PLANNING.



Time to get your retirement plans in motion?

Three in five Britons feel stressed about later life planning

It's only natural, in a world where most people are worried about things that are beyond their control – the rising cost of living, increasing inflation and interest rates that haven't been seen for years – that you may also feel out of your depth when it comes to things like pensions and later life preparations.

When it comes to later life planning, more than three in five people (61%) feel stressed when they think about their retirement. This figure rises to almost three-quarters (74%) of 25–34-year-olds, new research has highlighted[1].

Unsurprisingly, given the current economic climate, all age groups, with the exception of the over-55s, admit to being stressed about: whether or not they will have enough money set aside at retirement to do all the things they want to do (71%); how long their pension pot will last (65%); whether or not they are paying enough into their pension pot (59%); and how early they need to start paying into a pension (49%).

In the majority of cases, the most anxious across all age groups are the 25–34-year-olds, with the starkest contrasts in numbers being around how early they need to start paying into a pension (70% vs 49% nat.avg), whether or not they should have more than one pension pot (70% vs 50%) or if they are paying enough into their pension savings (77% vs 59%).

However, with a little planning and simple rules of thumb, you can feel more in control of your savings and know if you are on track for the lifestyle you want in your retirement.

Give you greater control over when you retire and with how much money

How long? Aim to save for your retirement at least 40 years before you want to retire. The later you leave it, the more you will need to save each month to reach your target.

How much? Try to save at least 12.5% of your salary towards your pension every month – this may seem challenging at the moment but something to aim for. And remember, this can include money from you, your employer and the government.

Final pot size? Aim to amass a pension pot of at least ten times your salary by the time you retire.

Tax relief: Take advantage of the tax relief offered by the government to boost your savings. When saving into a pension, for every £8 you save, the taxman adds an extra £2.

Employer contributions: Every employer in the UK must provide eligible employees with a workplace pension. Not only that, but they must contribute to this pension. Some employers will contribute more if you save more, helping towards the 12.5% target.

Invest wisely: By investing your money, in a pension or elsewhere, your money can grow through to your target retirement date.

Investment risk: The value of investments can go down as well as up and you may get back less than has been invested but remember that investing in a pension is a long-term investment and over time you could reap greater rewards.

Keep checking: Saving for your retirement should not be a 'set and forget' activity. Use your annual pension statement to check if you are on track for your retirement target.

Reframe your expectations: Life expectancy in retirement could be 20 years or more, so bear in mind how long your money may need to last.

Use the pension freedoms: From 2015, the pension freedoms allow more flexibility in retirement planning, but take time to understand the options before acting.

Search for lost pensions: There are close to 3m lost pensions in the UK where pension providers and clients have lost touch with each other; this equates to £26.6bn, or £9,470 per person[2]. If you think you've lost touch with a pension check with the Pension Tracing Service. ■

Need a helping hand with your retirement plans?

Using expert advice to help plan your pension could help you to achieve greater financial freedom when you decide to stop working. Find out how we can help guide your future plans. **If you would like to reassess your current financial situation and review your goals, we're here to listen.**

Source data:
[1] Research was conducted by Censuswide between 06/10/22–10/10/22 from 2,001 general consumers, national representative sample. Censuswide abide by and employ members of the Market Research Society, which is based on the ESOMAR principles.

[2] https://www.pensionspolicyinstitute.org.uk/media/4185/20221027-ppi-bn134-lost-pensions-2022-whats-the-scale-and-impact.pdf

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Tracing old and lost pensions

Nearly half of pension holders have lost track of some of their pension pots

The lost pensions challenge in the UK has grown significantly in recent years, further exacerbated by the pandemic, which resulted in a large proportion of people moving jobs. A recent Pension Policy Institute research briefing calculated the total value of lost pension pots has grown to £26.6 billion in 2022[1].

If you've worked for several employers throughout your career, you might have accumulated multiple pension plans. You may also have set up personal pensions, especially if you've been self-employed or a contractor at some point.

Administrative burden

Owning multiple pensions can be an administrative burden, but it could also be costing you financially – whether that's through excessive fees or poor investment performance. Today, nearly half (46%) of UK pension holders have lost track of some of their pension pots, according to new research[2].

This means that – against the backdrop of the rising cost of living – millions of people across the country could right now be missing out on pension pots that are sat with their previous employers.

Retirement plans

Nowadays, the average UK employee has 11 jobs over their lifetime, the research highlights. So while it's understandable that savers may forget how many pension pots they've accrued over the years, they currently risk incurring unnecessary management fees – or even missing out on those savings altogether – at a time when higher inflation threatens to spoil their retirement plans.

Moreover, savers who have kept track of their pension pots will be in a much better position to make informed retirement decisions when they get older. 13% of people did not know how to track down a pension pot from their previous job. And although savers currently have the option of combining their pensions, 16% didn't know how to go about tracing their lost money.

Multiple pensions

This lack of knowledge is particularly worrying. Having multiple pensions with different employers or pension providers can create an unnecessary headache for retirees, and this will come at a time in life when things should ideally be less challenging for them.

To complicate matters even further, the number of workers with small pension pots of under £1,000 has skyrocketed in recent years. The Pensions Policy Institute (PPI) has predicted that the problem is only going to get worse, with the number of small pots set to triple to 27 million by 2035.

Better retirement

The recent PPI research on lost pension pots also indicated that the speed at which pension pots were being classified as lost was increasing, with an extra 1.2 million pots having been 'lost' in the four-year period between 2018 and 2022. That's a 75% increase in lost pots in just four years.

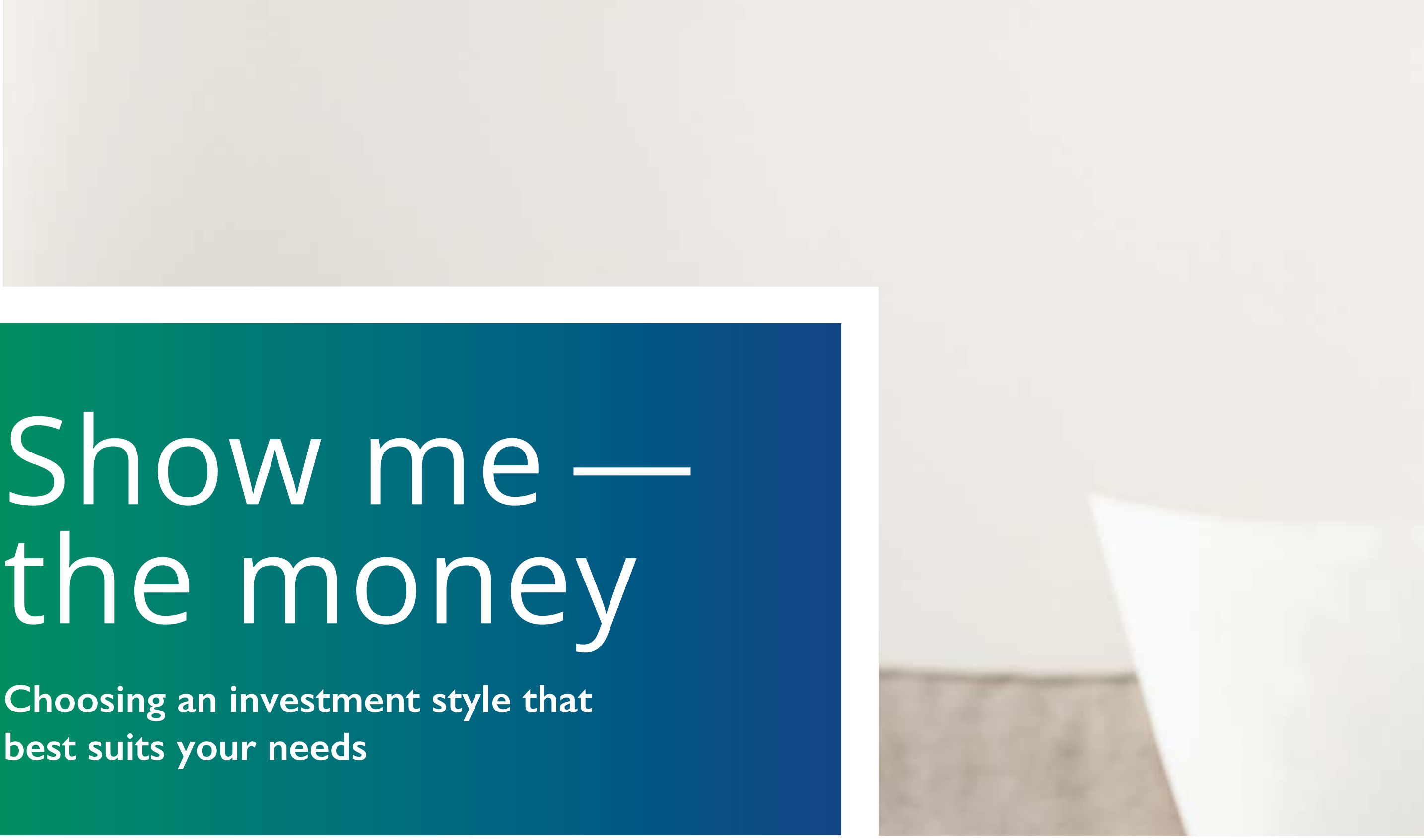
While consolidation will not be the best option for all pots, for some people consolidating their pensions into one pot would undoubtedly bring them much closer to their money, increasing their sense of ownership and control, and potentially setting them up for a better retirement. ■

Looking to keep track of your finances more easily?

Consolidating your pensions into one pot could help you keep track of your finances more easily, reduce charges and boost how much money you have in the future. But while there are advantages to pension consolidation, there are potential drawbacks and it's important to seek advice on whether it's right for you. **If you would like to review your current plans, to meet your financial goals now and in later life, please contact us.**

Source data:
[1] Source: https://www.pensionspolicyinstitute.org.uk/sponsor-research/research-reports/2022/2022-10-27-briefing-note-134-lost-pensions-2022-what-s-the-scale-and-impact/

[2] https://adviser.scottishwidows.co.uk/assets/literature/docs/2022-10-pension-pots.pdf



Show me — the money

Choosing an investment style that best suits your needs

Investment styles are professional strategies used to create and manage portfolios. Different styles can range from aggressive growth to conservative investments. Depending on the investor's goals, interests and risk tolerance level, they can choose a style that best suits their needs.

For example, an investor looking for quick returns may opt for a more aggressive approach while a more cautious investor might prefer a slower growth strategy. Knowing one's investment style is important in order to make informed decisions about how to manage one's portfolio. By understanding the various aspects of different styles, investors can better understand which type of investing works best for them and how they want to deploy their money.

Right knowledge and professional support

With proper knowledge and professional guidance, investors can be confident in managing their portfolios according to their chosen style. Style investing takes into account factors such as asset allocation, fund selection, market timing strategies and risk management when building a portfolio.

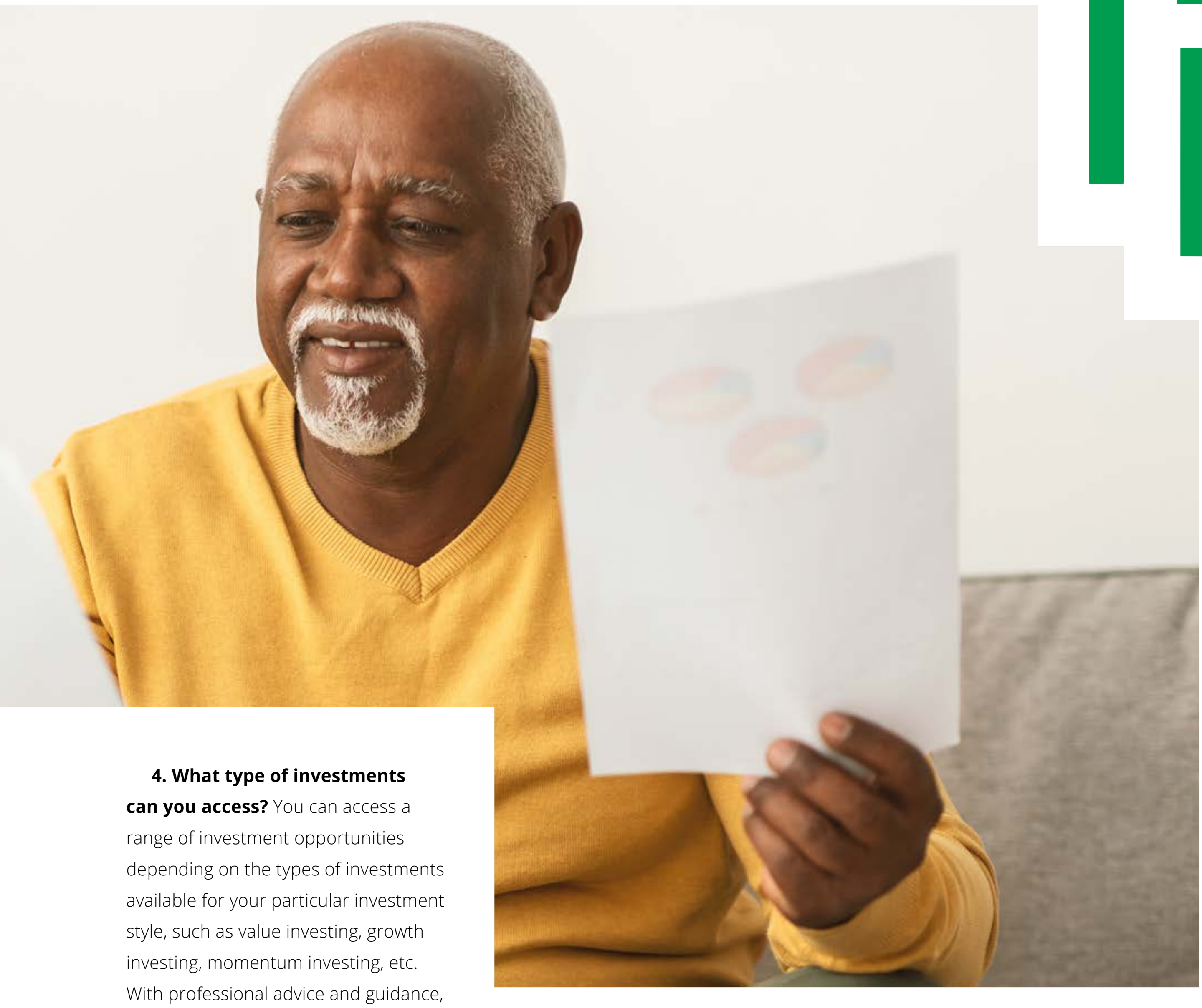
As always, it is important to do research and obtain professional advice before making any decisions about investing money. With the right knowledge and professional support, investors can be sure that they are making sound investments to achieve their financial goals.

When it comes to style investing, some key questions that should be considered include:

1. What investment objectives do you have? There is no one-size-fits-all approach when it comes to style investing, so it is important to have a clear understanding of your investment objectives. With that knowledge in hand, you can then determine which style of investing will best fit your portfolio and long-term goals. Investing styles vary greatly depending on the amount of risk tolerance and desired objectives. No matter what style of investing you choose, professional advice is essential for developing a successful strategy.

2. What type of return do you hope to achieve? Different investment styles produce different levels of returns depending on the market environment, the strategy employed and other external factors. You need to understand the expected return from each investment style and ensure that it aligns with your overall objectives.

3. How much risk are you willing to take on? When it comes to style investing, it is essential to consider the amount of risk you are willing to take on. Different investment strategies can involve different levels of risk, so you should think carefully about your personal tolerance level and adjust your portfolio accordingly. Being aware of the potential risks involved with any given investment strategy can help ensure that you make an informed decision that aligns with your overall financial goals.



4. What type of investments can you access? You can access a range of investment opportunities depending on the types of investments available for your particular investment style, such as value investing, growth investing, momentum investing, etc. With professional advice and guidance, you can ensure that you make informed decisions about the investments that are right for you and your portfolio.

5. How much time do you have for monitoring and rebalancing? When choosing an investment portfolio style, it is important to consider how much time and effort you are willing to commit to monitoring and rebalancing your investments. Regardless of which approach you choose, it should be noted that professional guidance may be necessary for more complex strategies. Furthermore, proper monitoring and rebalancing is necessary in order to ensure the continued performance of any investment portfolio over time. Ultimately, the amount of time available for monitoring and rebalancing should be taken into account when determining which investment strategy is best for you.

Making decisions about investments

Ultimately, understanding how each investment style works is an essential component in building a portfolio that meets your needs. While diversification is important in investing, it's equally essential to understand each style and determine which one aligns best with a person's investment goals.

Different strategies come with different levels of risk, potential returns and costs associated with them. You need to consider these details when making decisions about investments. ■

What are your investment motivations?

You might be the cautious investor who's happy for your investments to keep pace with inflation or someone who's ambitiously seeking faster portfolio growth. Whatever your motivation, we can help you with your investment objectives. **For more information please contact us.**

Planning — to meet — your goals

How advice can boost your financial wellbeing

The professional advice received from a financial adviser can make it easier to understand your financial situation and help you create strategies for better money management. They will be able to provide tailored advice that considers your individual circumstances, goals and needs.

They will explain the options available, from setting up emergency funds to effectively managing debt or investments, helping you take control of your finances with confidence. They also offer guidance based on the latest legislation and tax regulations, so that you're making informed decisions about your money.

By taking steps towards good personal finance, this will lead to improved wellbeing overall. Having a secure financial outlook is usually linked to lower levels of stress, better mental health and increased satisfaction with life.

Feeling in control

Receiving professional financial advice is the first step to helping create a secure financial future and when it comes to managing your finances it can help give you a sense of control. A professional financial adviser will provide objective insight into your current financial situation, helping you understand your incomings and outgoings and create an effective budgeting and savings plan.

They are also able to identify any potential debt issues and advise the best approach to tackling these. This advice will enable you to feel more confident in taking control of your day-to-day finances and secure in your overall financial wellbeing, giving access to knowledge that will set you up for success both now and in the future.

Capacity to absorb a financial shock

By taking steps to review and plan for your finances, you can be well-equipped to absorb any financial shock that may arise. Establishing an emergency fund of six months' worth of essentials, combined with appropriate insurance policies, will help protect you and your family in the event of unforeseen circumstances. Taking security measures now is a wise decision that could save you potential hardship later on down the line. Protecting yourself financially can bring both peace of mind and long-term security.

It is therefore wise to assess the financial risks your household may face, and plan accordingly to ensure your financial security. By taking the time to review your finances with a professional financial adviser and put a protection plan in place, you can be well-prepared for any unexpected financial shock that may come your way.

On track to meet goals

Having professional advice is also a key part of ensuring you remain on track to meet your goals. Your adviser will assess your current situation and provide tailored guidance on how to achieve success in the future. They consider factors such as investment risk, taxes and any other financial implications so that you are able to make informed decisions about your money.

They will also help you decide which areas to focus on first and suggest strategies that could help you meet your aspirations while remaining within a comfortable level of risk, for example through utilising your ISA and pension options. With professional advice, you can rest assured that you are well-positioned to reach your goals and enjoy a higher degree of financial wellbeing.

Flexibility to make choices

Having the flexibility to make choices is an important part of your financial wellbeing. A professional financial adviser will help you understand how different life decisions could impact your finances both today and in the future. This may include considering options like taking a career break, retiring early or selling a business. Being able to 'rehearse' these scenarios with professional guidance will help you feel more confident and secure when making difficult decisions, ensuring that you enjoy life to the full.

With professional advice, you will gain clarity over the potential impacts of any decision, now and in the years ahead. That's why it is important advice should always be tailored specifically to your own needs and goals – so it's best to consult an expert about your individual situation.

Next steps

Getting professional advice is the best way to reach your financial goals and secure your future. With a professional adviser by your side, you can create a tailored plan that takes into account your current situation and sets out exactly how you'll get where you want to be.

When it comes to money matters, you'll be able to relax knowing that all aspects of your finances are being taken care of. Plus, with regular reviews, your professional adviser will make sure things stay on track. ■

Start your journey towards greater financial wellbeing

We are here to help answer any questions you may have and provide guidance every step of the way. Start your journey towards greater financial wellbeing today. **To find out more and to discuss your options, please contact us.**

What sort of lifestyle will you be able to afford?

How inflation could be impacting on your retirement plans

Inflation can affect your retirement savings depending on what you do with that money. Leaving your money in a bank account with low interest is a risk, as your money will not outgrow the rate of inflation.

That's why it's important to have an understanding of how inflation could be impacting your retirement plans and how best to respond. With the right strategies in place, you can still make progress towards achieving your goals and remaining financially secure during retirement.

Retirement plans

The first thing to know is that inflation won't necessarily derail your retirement plans. The important thing is to recognise the impact it has on long-term savings and investments and take proactive steps to keep your goals in sight.

One option is to review your investment portfolio and consider assets that have the potential to outperform inflation. It may also be worth assessing and identifying further opportunities for growth and investment diversification.

Financial objectives

Although inflation may have an impact on short-term finances, its effects are typically less dramatic over the long term. Regularly reviewing your financial objectives and taking steps such as increasing contributions to a pension plan or Individual Savings Account (ISA) can help ensure your retirement plans remain on track.

When it comes to managing cashflow, paying off debt should take priority over building up savings if you want to keep pace with inflation. Reducing interest payments can free up more money each month which can then be put into a retirement fund or other investments.

Increased contribution

If you find yourself falling behind on your retirement savings, it is important to take action now to get back on track. A useful first step could be to review your budget and identify any areas where you can reduce discretionary spending in order to maintain or even increase how much you are regularly contributing towards your pension.

This increased contribution will benefit from tax relief at your marginal rate of Income Tax up until age 75, making it an especially valuable move. However, make sure you only contribute what you can really afford, as pension money is locked away until age 55 (rising to age 57 from April 2028).

Phasing retirement

It is worth remembering that the amount you contribute should reflect what you can realistically afford in order to avoid taking on more financial commitments than you can manage over the long term.

Phasing into retirement is an option to consider. It would mean you can still maintain relationships and stay engaged with the professional world. Also, by working part-time or flexibly, you might be able to keep your pension fully invested and draw on other savings and investments to top up your lower income and still be able to retain benefits such as healthcare. This could help to provide additional financial security in your later years.

New opportunities

Additionally, a phased retirement gives you time to explore new opportunities and interests outside of work, while still earning money. It can also be a way to transition out of the professional world slowly and give yourself time to adjust to life after work. Whatever your motivations for a phased retirement, make sure it's right for you and that you fully understand the implications for your finances. Do your research and consider all scenarios before making any decisions about when you will retire.

Remember that no matter what your decision is, it's important to review all aspects of your finances. This will help ensure that you have the best chance at achieving a comfortable retirement lifestyle. With the right planning, phasing or delaying retirement could be a choice that helps you to have the retirement that you want.

Financial benefit

Before deciding whether to take a tax-free lump sum from your pension, professional advice should always be sought so you fully understand the implications of withdrawing large sums in one go. You will need to consider not only the immediate financial benefit, but also how it might affect your future retirement income.

This means looking at your options, discussing potential risks, suggesting appropriate strategies and explaining possible tax consequences so that you can make an informed decision about your pension. Ultimately, receiving professional advice will help you decide whether taking a lump sum from your pension is the best decision for you and your long-term financial security.

Managing finances

Individual Savings Accounts (ISAs) are another tax-efficient way to supplement your income in retirement. Unlike pensions, the proceeds you withdraw from an ISA are completely tax-free. So if you have any savings that you can put aside relatively safely and access when necessary, this could be an ideal solution for managing your finances during retirement.

It may also be appropriate for you to consider investing in stocks or bonds, as these could provide even greater returns over time with some risk attached. However, it's important to remember that stock market investments carry a certain amount of risk and can go down as well as up, so professional advice should always be taken before investing large sums of money.

Golden years

When planning your retirement income, make sure you factor in other sources such as inheritance or rental income. This will help to ensure that you have enough money to enjoy your later years in comfort and security. Additionally, annuities may also be a way to turn your pension pot into a regular income stream. An annuity is an insurance policy taken out with an insurer that pays out a fixed sum each year until the policy matures or you pass away.

Overall, you should consider all of your options when planning for retirement. Using professional advice and understanding the different types of investments available can help you make informed decisions and maximise your income during the golden years of life. ■

Need to protect your long-term savings and investments from inflation?

To discuss the measures necessary to protect your long-term savings and investments from inflation to achieve your retirement goals, **please contact us for more information.**

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

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

Understanding pensions

A topic high up on the recruitment radar

It is essential that employers provide clear information regarding their commitment to a pensions scheme. Many employers do already work hard at improving an understanding of pensions among their workers, but research shows that people want to know the level of commitment even before they start their first day[1].

So this needs to include the terms of the plan and how it will be paid for or matched by the employer. By providing this information, an employee can feel confident that they are making an informed decision about their long-term financial security when joining their new workplace.

Aspects of planning

Additionally, it establishes trust between employers and employees from the outset, allowing both parties to focus on building a strong professional relationship. Furthermore, employers can use this opportunity to highlight any additional benefits available with retirement plans, such as professional advice and guidance to help ensure all aspects of planning are being addressed.

The research also highlights that the most important consideration for job seekers in the UK is work-life balance (82%), followed by salary (80%) and the commute (70%). Pension arrangements (65%) rank fourth on the list of importance. This is despite the fact that, similar to basic salary, details of the workplace pension plan are often not included in the job advert.

Total reward package

It's a clear signal to employers that including the total reward package, both monetary and non-monetary, is a good move. Even more so in the current

environment where employers face not only a more fluid labour market, where job rotation sees workers moving jobs more frequently, but also the lowest unemployment figures in nearly 50 years.

The challenge for employers to attract and retain the right candidates is clear, as the concept of a job for life has well and truly had its day. The research shows more than one in five under-25s have already worked for five or more employers. In fact, just 8% of 18-24-year-olds expect to be with their first employer for more than five years, moving jobs much more frequently than previous generations.

Demands of workers

The generational shift can also be seen in the demands of workers. Younger people place greater importance on flexible working patterns. Seven in ten (71%) of 18–34-year-olds see flexible working patterns as important or vital when applying for a new job, compared to three-fifths (62%) of 35-54-year-olds and half (49%) of those 55 and over.

From an employer's perspective, advertising details of the workplace pension can be key to attracting and retaining talent. Research from the online job website Indeed found that less than half (49%) of job adverts listed pensions as a benefit[2].

Statutory minimum contribution

Faced with a competitive job market, businesses are having to compete hard to attract the best talent and employers need to make themselves as attractive as possible. As a result, employers may want to consider being more upfront with details of their pension arrangements in future, even if they're just providing the statutory minimum contribution.

While workers are most likely to prioritise work-life balance, it's clear that pension benefits are an important factor that features surprisingly high up on the recruitment radar. To help tackle skill shortages, organisations need to tune in to the components workers value most when changing jobs. Shining more light on the benefit of a pension could help differentiate them in a competitive job market and secure the best candidates. ■

Talk to us today about your future retirement plans

Start talking to us today about your future retirement plan and we can help you make sure it's a resilient one. We understand our clients' goals, aspirations and dreams – we'd love to understand yours too. It's time to start talking. **For more information, please contact us.**

Source data:

[1] Royal London partnered with independent research agency Cicero/amo to undertake a nationally representative survey of 3,042 adults in the UK. Fieldwork was conducted between 13–24 May 2022. Royal London has published a new report, 'The Future of Auto Enrolment', to celebrate the 10th anniversary of the introduction of Automatic Enrolment.

[2] A review of 400 job listings (by online job postings website Indeed) across marketing, tech, insurance and customer service sectors found that less than half (49%) of job adverts in February 2022 listed pensions as a benefit.

Time to talk

Discussing Wills and trusts with adult children or dependents

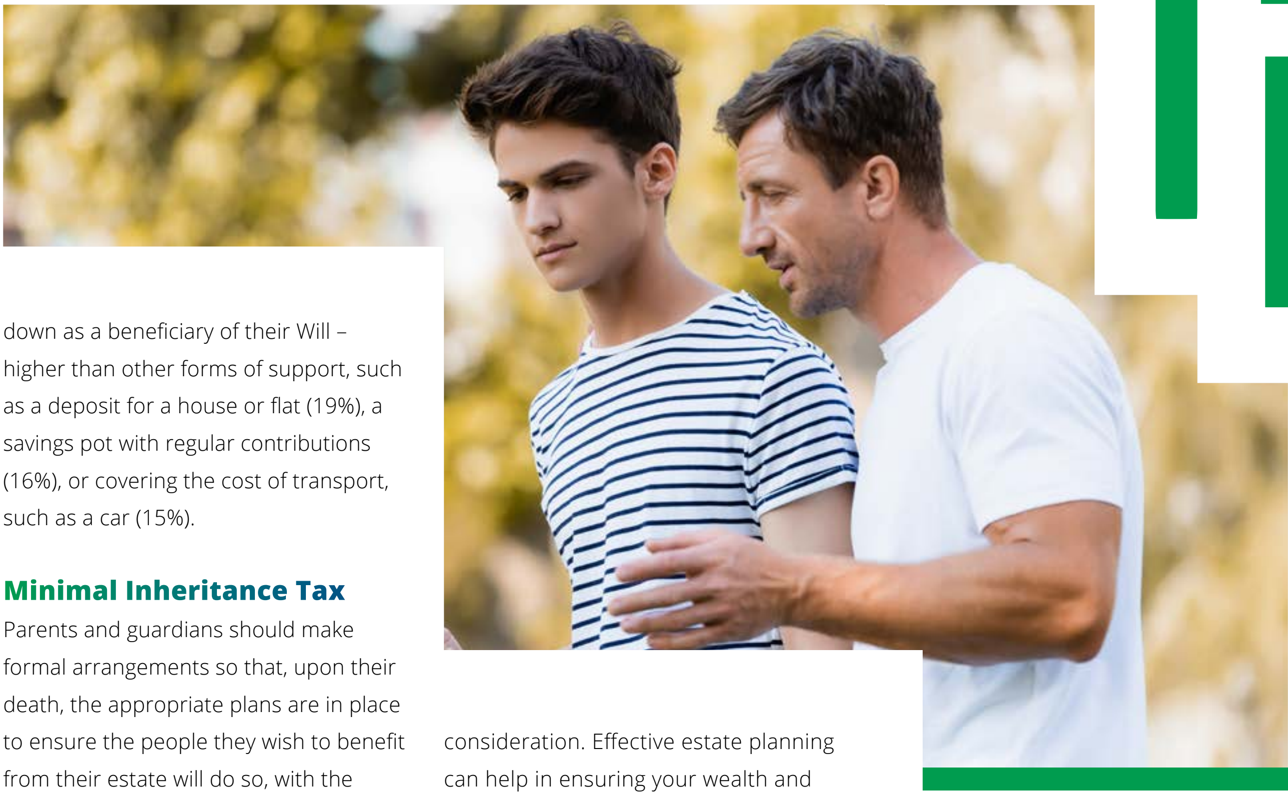
Wealth transfer has become an important issue for many families today. Individuals with assets of any size should prepare for their eventual transfer whilst making provision for any tax or legal consequences.

But more than half of parents (57%) haven't spoken to their adult children about their Will, according to new research[1]. Nearly a quarter (24%) of adults haven't discussed making a Will with their partner or spouse, while almost a third (31%) were unsure if they understood the long-term benefits of putting their assets into a trust or finalising a Will.

Long-term finances

The survey also revealed one in two (49%) adults admit that talking about long-term finances, especially in the event of death, with family members is difficult. When it comes to discussing Wills and trusts with adult children or dependents, over two-thirds (69%) of parents say they feel responsible for the financial wellbeing of their children if they were to pass away.

Despite this, 57% admitted they haven't talked to their children about long-term finances, while nearly one in ten (9%) parents said they weren't sure how to approach the topic. The survey finds 47% of people have their children



down as a beneficiary of their Will – higher than other forms of support, such as a deposit for a house or flat (19%), a savings pot with regular contributions (16%), or covering the cost of transport, such as a car (15%).

Minimal Inheritance Tax

Parents and guardians should make formal arrangements so that, upon their death, the appropriate plans are in place to ensure the people they wish to benefit from their estate will do so, with the estate settled as quickly as possible and with minimal Inheritance Tax.

If there is no Will, the deceased's estate will be distributed under the terms of law, which may not align with their loved one's wishes. Receiving the right professional advice and setting up a financial plan can ensure you are best able to look after your family when the time comes.

Giving peace of mind

With so many different options, it can be overwhelming. The research found that two-thirds of adults (69%) understand the long-term benefits of finalising trusts and Wills, but that still leaves many who don't.

It's important to have plans in place to protect your assets and loved ones, today and in the future. It might be difficult to think about, but it ensures your wishes will be met, giving you peace of mind. The outcome of not having a Will or trust in place can be costly – so knowing the difference between Wills and trusts, and putting them in place appropriately, can provide vital benefits.

Wealth and assets

When looking to leave assets to family members, Inheritance Tax is a key consideration. Effective estate planning can help in ensuring your wealth and assets go to your loved ones. By setting up a trust you can effectively put the money outside of your estate, which could be efficient for Inheritance Tax purposes.

Assets held within a trust do not usually form part of your estate upon death, provided that you live for seven years after placing the assets into trust. Therefore, it's likely they won't be liable to Inheritance Tax.

Understanding the options

Effective estate preservation planning could save a family a potential Inheritance Tax bill amounting to hundreds of thousands of pounds. Inheritance Tax planning has become more important than ever, following the government's decision to freeze the £325,000 lifetime exemption until April 2028, with inflation eroding its value every year and subjecting more families to Inheritance Tax.

Over half of Britons (57%) believe it's important to seek financial advice when it comes to long-term financial planning, which is absolutely right. Seeking advice from a professional ensures you fully understand the options available, and recommendations are made in line with your requirements, giving you peace of mind. ■

Looking to pass on more of your wealth in the most tax-efficient way?

We all have different objectives in life and need different strategies to help achieve them. We can help you build a strategy that provides financial support to your family and helps you pass on more of your wealth in the most tax-efficient way – **please call us for more information.**

Source data:
[1] The research was conducted by Opinium Research and surveyed 2,000 UK adults between 5–13 September, 2022.

Working 9 to 5

More over-65s are still working than six years ago

More people in the UK aged between 65 and 74 are still working compared to six years ago, new research shows[1]. The findings show there's a marked increase in the number of people over 65 who remain in the workforce compared to 2016, and a fall in the number drawing their State Pension.

At a time of rising cost of living pressures, the data shows fewer people across all age groups eligible to retire have done so compared to six years ago. The greatest shift has been for those aged between 65 and 74. Whereas 92% of this age group were already retired in 2016, only 79% are now.

Disproportionately impacted

This is due to increases in the State Pension age, which was raised from 65 to 66 between December 2018 and October 2020 – and is set to rise further in future. The increase has disproportionately impacted 65 to 74-year-olds, who have been directly affected by this change in the last six years.

In 2016, 96% of people in this age range said the State Pension accounted for some of their income, compared with 71% now. This represents a 25% decrease in the proportion of people in this age bracket receiving part of their income from the State Pension.

Alternative sources of income

As the State Pension Age continues to rise, this age group will need to plan to find alternative sources of income. The research results show the gap is only partially being plugged by people continuing to work for longer.

There has only been a small rise in those saying wages or other earned income constitute a portion of their overall income – 23% versus 18% in 2016. For a fifth of people in this age bracket, an income gap left by State Pension deferral has not been replaced by wages.

Running out of retirement money

In the UK, the 65 to 74 age group is larger than ever before, according to the 2021 Census statistics[2]. People between those ages now account for almost 19% of the UK population, compared with 16% a decade ago.

For those over 65, money worries about retirement figure more prominently than six years ago. In 2016, only 1% of this cohort said they were worried about running out of money in retirement, while another 1% said they wouldn't have enough money to fulfil plans and dreams such as travelling. Six years on, the proportion has risen substantially to 11% for both.

Amount of capital held in property

One asset that has grown for this age group, however, is the amount of capital they hold in property. Sixty-five to 74-year-olds have, on average, lived in their current house for 24 years, which means they have benefitted from nearly all the property price increases that have occurred since the late 1990s, when the current property boom began.

In 1998, when this age group typically bought their current house, the average cost of property in the UK was £66,231[3]. The research results show this age group's property is now worth on average £302,000, more than four times the original purchase price.

Planning for a comfortable retirement

Nearly two-thirds of them own their property outright. Typically, those who do have been in tenure six years longer than those with a mortgage.

This suggests people may have accumulated more wealth in this asset than they realise. As cost of living pressures ramp up, the equity in people's homes could become increasingly important when looking at ways to plan for a comfortable retirement. ■

Securing your financial future

Whether you want to grow your wealth for a retirement income or a legacy to pass on to future generations, we can help you set goals and try to achieve them. **To find out more, please get in touch.**

Source data:
[1] Aviva Real Retirement Report conducted by ICM Unlimited April 2016. 1,506 general consumers aged 45+ Research conducted by Censuswide April 2022.

[2] 2021 National Census figures released by ONS

[3] HMLR's UK House Price Index. www.gov.uk/government/collections/uk-house-price-index-reports

Pension saving revolution —

Auto-enrolment: celebrating a decade that has encouraged a culture of saving

Since it was introduced ten years ago, auto-enrolment has revolutionised pension saving for millions of people in the UK, encouraging a culture of saving for the long term. It's been a positive initiative and, crucially, individuals now have to take more responsibility for their retirement savings.

This has meant many people now put some money away each month for retirement. In April 2021, the UK workplace pension participation rate was 79%, compared to 47% in 2012 when auto-enrolment was introduced, according to new research[1].

Significant gaps

All employers must provide a workplace pension scheme and automatically enrol employees into a pension scheme and make contributions to their pension if they are classed as a 'worker', are aged between 22 and State Pension age, earn at least £10,000 per year and they usually ('ordinarily') work in the UK.

However, significant gaps remain in pension awareness and engagement, with female and lower income workers disproportionately less likely to review their pension. The research highlights overall, almost one in five UK workers have never reviewed their pension.

Pension savings

This rises to a quarter (25%) of female workers, compared to only 13% of males who have never reviewed their pension. Those with lower incomes are also more likely never to have undertaken a review of their pension savings, with 34% of those with an income between £10k and £20k, and 21% of those with an income between £20k and £30k saying they have never checked their pension. This drops to 15% among those earning between £30k and £40k, and 14% among those earning between £40k and £50k.

The research showed that the majority (58%) of workers could define what an auto-enrolment pension is, correctly selecting 'Employers offer a workplace pension scheme and automatically enrol eligible workers in it.' However, 23% incorrectly defined it, while a fifth (19%) admitted that they simply do not know what an auto-enrolment pension is.

Key triggers

For those who do review their pension, the main prompt for doing so is receiving their annual statement (28%) – rising to 37% among 35 to 54-year-olds, compared to 18% among 18 to 34-year-olds and 28% among those aged 55 and over.

Other key triggers include receiving communication from their pension provider (19%), receiving their monthly pay (16%), changing jobs (12%) and getting a promotion or pay rise (11%). The younger demographic (aged 18 to 34) are most likely to be prompted to review by receiving their monthly pay (24%), changing jobs (19%) and receiving a pay rise (19%).

Key benefits of being auto-enrolled

Regular savings habit – When you have a workplace pension plan in place, it's easy to stay in the habit of saving because payments usually come straight from your salary. You don't have to sort any of this out yourself either, as when you join a company you're automatically put into the pension scheme, so it's really easy to save this way.

Employer contributions – With a workplace pension scheme, your employer has to contribute a minimum of 3% of your qualifying earnings towards your future too. Some employers will pay more than the minimum and others will pay more into your pot if you do – known as matching. If you don't remain in the scheme, then you will miss out on these contributions.

Tax relief – Most people will receive tax relief from the government when they pay into a pension, and this is one of the major benefits of the scheme. Individuals usually currently receive at least 20% tax relief from the UK Government on their pension payments, meaning it will only cost you £80 to have £100 invested into your pension plan. Most people are entitled to claim tax relief on the pension payments they make based on up to the highest rate of income tax they pay. This means the benefits are usually even more for higher or additional rate taxpayers.

Option to pay in more – You can pay in more than the minimum amount required to your pension, and if you can afford to do so, this can be beneficial in the long term. Topping up your payments means the impact of compound interest is much more significant and can result in a much larger retirement pot. ■

Want to discuss planning for your retirement?

We all want to enjoy life after we stop working. Whether you want to see more of the world or spend more quality time with your family. Whether it's just around the corner or feels like a long time in the future. Planning for your retirement can make all the difference. **To find out more, please contact us.**

Source data:
[1] Research conducted for Standard Life by Opinium, among 2,000 UK adults between 2– 6 September 2022. All results are weighted to nationally representative criteria.

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Don't abandon pension contributions — as prices rise —

Savers could miss out on thousands of pounds in retirement

As the cost of living continues to soar, with inflation reaching a 40-year high, the impact on household finances is taking its toll. But it is essential to try to maintain a savings habit even in the current climate. The impact of any breaks in pension contributions could mean savers miss out on thousands of pounds in future that will mean less income during retirement.

Research has highlighted that reducing or stopping pension contributions, even for a relatively short period of time, can have a significant impact on the final pot, with savers potentially being thousands of pounds less well off in retirement as a result[1].

Having an even bigger impact

For example, someone who began working with a salary of £25,000 per year and paid the standard monthly auto-enrolment contributions (3% employer, 5% employee) from age of 22, would have a total retirement fund of £456,893 at the age of 68.

However, stopping pension contributions at the age of 35 for just one year, would result in a total pot of £444,129 – almost £13,000 less than if they had not stopped paying in. Stopping contributions for a longer period would have an even bigger impact.

Risk of sacrificing savings to cover everyday expenses

While currently relatively low, the risk of sacrificing savings to cover everyday expenses continues as long as these challenging circumstances go on. Almost all (93%) say that increasing costs and high inflation are going to impact, or are already impacting, their financial situation.

If possible, the first port of call should be to reduce spending, for example, cutting back on unnecessary purchases and shopping around for better value deals. Doing this, rather

than making decisions that will affect future finances such as reducing or stopping pension contributions, even if for a short period only, will be beneficial in the long term.

Tips for potential spending cutbacks in the current environment

1. Review your expenditure for potential areas of savings – By looking through your monthly outgoings, you may find there are ways to make savings. Do you have any subscriptions or memberships that you no longer use and could cancel or pause? Do you spend a lot of money on things that are a luxury, such as takeaways? Taking some of these small steps could make a difference.

2. Shop around for better deals – You may be able to switch household providers and find cheaper deals, such as for broadband or your mobile phone. Many providers have package deals for new customers so it's worth using a price comparison website to see if there are savings to be had.

3. Set budgets – To help you keep an eye on your outgoings, it is a good idea to set a budget for things like food shopping and socialising so you don't spend more than your means. ■

Helping you achieve your goals

We can help you achieve the financial future you want for you and your family. If you would like to review your current plans, **to meet your financial goals now and in later life, please contact us.**

Source data:
[1] Research conducted among a sample of c.2,600 contactable Standard Life customers between 9–22 May 2022. Calculations are intended for the sole purpose of providing an illustration regarding the projection of savings and pensions. They should not be used with the intention to give an accurate representation of real world outcomes.

Spotting an investment — scam —

How scammers are getting more convincing

Around half of UK adults (51%) have or know someone who has received a suspicious communication in the last 12 months, according to new research[1]. This equates to 27 million people across the UK.

Most of these cases can be described as 'phishing scams' (51%), when a fraudster attempts to imitate a legitimate company or person to secure important information from the victim.

Pension transfers

Crypto scams are also becoming worryingly common, with one in five reporting they or someone they know has received one in the last 12 months.

Pension transfer scam communications account for almost one in ten (8%) of contacts, while romance scams or dating scams are similar at 11%.

Scammer approaches

Around a fifth (21%) of those who have or know someone who has been contacted say they have lost money because of approaches by scammers. However, among 18 to 34-year-olds, this increases to almost half (46%).

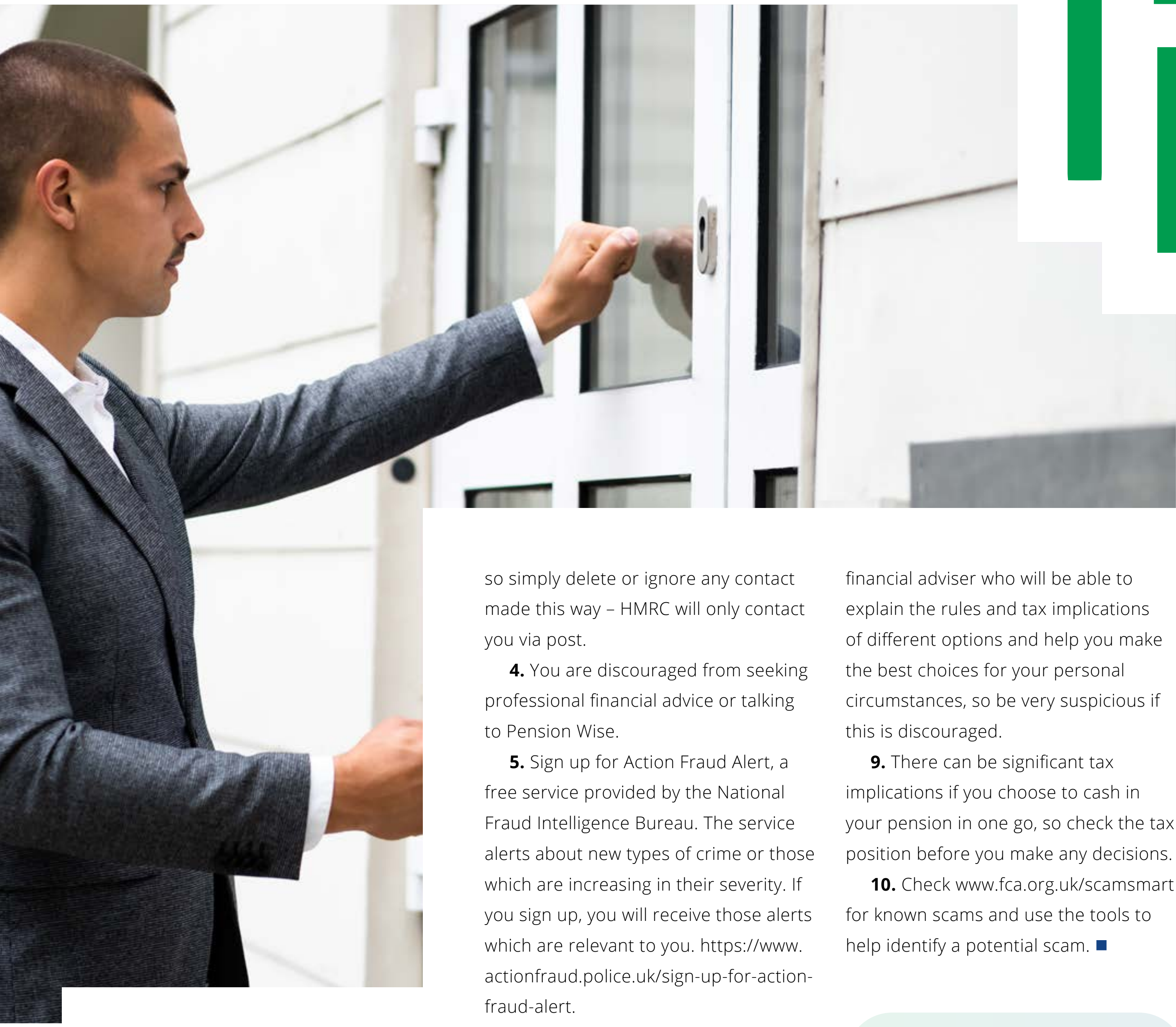
The average loss to scams for themselves/someone they know was around £207, with this amount almost doubling to £361 for those aged 18 to 34 years old, compared to £112 for those aged 55+.

Perfect opportunity

With many families struggling to make ends meet, and as the cost of living squeeze tightens, offering easy access to your pension might seem the perfect opportunity to dig yourself out of trouble. The reality is you can't access your pension savings before the age of 55, so it's very likely it will be scammers.

Follow the simple rule of thumb: if it appears too good to be true, it inevitably is. Simply walk away, hang up or delete the email or text to keep your money safe from the scammers.

- **51% of UK adults** – 27million people – have received or know someone who has received a suspicious communication in the last 12 months
- Younger people are **more likely** to know someone who has lost money, and are aware of someone losing more than older generations
- Almost **one in ten (8%)** communications relate to pension transfers



10 tips to help identify and avoid financial scams

1. If you receive an offer to help you access your pension savings before age 55, for example, through 'pension loans' and 'free pension reviews'. It is only possible to access your pension before age 55 in rare situations, for example, if you are very ill.

2. Warnings that the deal is limited and you must act now. This is a pressure tactic and making any financial decisions should not be done under pressure.

3. HM Revenue & Customs (HMRC) will never contact you by email, phone or text informing you of a tax refund, so simply delete or ignore any contact made this way – HMRC will only contact you via post.

4. You are discouraged from seeking professional financial advice or talking to Pension Wise.

5. Sign up for Action Fraud Alert, a free service provided by the National Fraud Intelligence Bureau. The service alerts about new types of crime or those which are increasing in their severity. If you sign up, you will receive those alerts which are relevant to you. https://www.actionfraud.police.uk/sign-up-for-action-fraud-alert.

6. Contact by somebody who is not on the Financial Conduct Authority (FCA) Register. The Register is a public record of all the regulated firms and individuals in the financial services industry, including pension providers and investment companies https://register.fca.org.uk/.

7. Be very cautious around any recommendation to take a large amount of money, or your whole pension pot, in a lump sum and invest it elsewhere, for example, in overseas property, forestry, car parking or storage units. And be very wary of unsolicited offers of 'amazing investment returns'.

8. Seek advice from your professional financial adviser who will be able to explain the rules and tax implications of different options and help you make the best choices for your personal circumstances, so be very suspicious if this is discouraged.

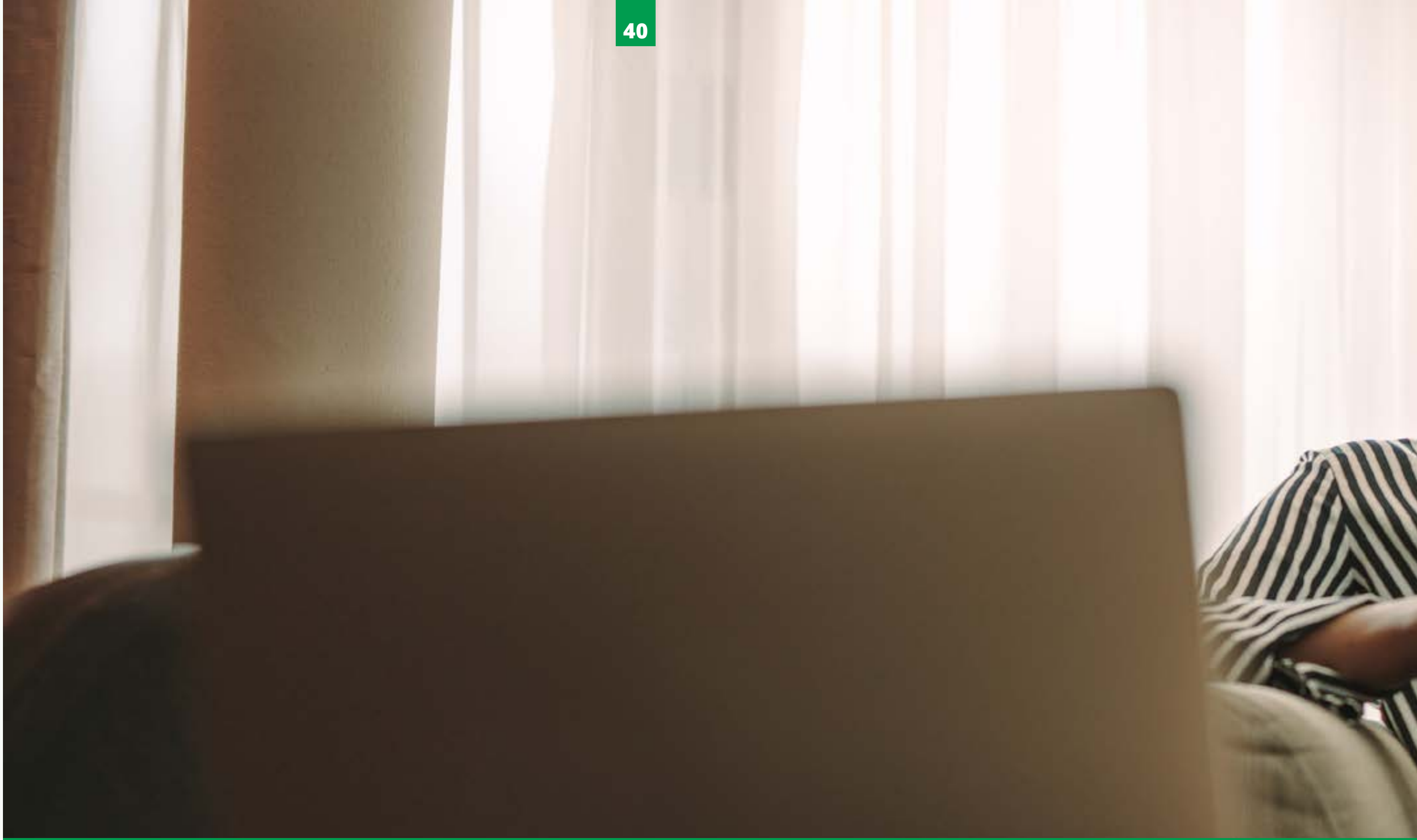
9. There can be significant tax implications if you choose to cash in your pension in one go, so check the tax position before you make any decisions.

10. Check www.fca.org.uk/scamsmart for known scams and use the tools to help identify a potential scam. ■

Looking for financial advice?

We know you'll have different priorities for your wealth at different points in your life. Whatever your financial aims, we have the expertise that can help you achieve them. **Please contact us to discuss your plans.**

Source data:
[1] Source: Research among 2,000 UK adults conducted by Opinium, with fieldwork between 12–16 August 2022.



Pensioners' — incomes —

What is the average UK retirement income?

Thinking about the amount of money you need to retire can be daunting, but it's important to have a savings target in mind to fit your desired lifestyle in retirement, that you can work towards.

New analysis of government figures[1] highlights that the average retired UK couple has a pension income worth £284 per week, made up of both occupational and private pension income and excluding State Pension income.

For those approaching retirement who have a similar weekly income target in mind, to buy a 'level' annuity which would guarantee this income for life, but might not maintain purchasing power for future years, they would need to have amassed £267,000 in retirement savings.

Income for life

Meanwhile, the top fifth of pensioner couples have pension incomes of £704 per week, requiring a savings pot of £660,000 to secure the same type of annuity and guarantee their income for life. To buy an 'index-linked' annuity, which increases income in line with inflation, the required pot is considerably larger; however, this provides an income that is more likely to keep up with cost increases.

The analysis comes as annuity rates are, however, rising. Rates are estimated to have improved by 25%[2] since the start of the year, meaning that savers can generate larger incomes from their savings.

Inflationary environment

The analysis also found that over the last ten years, the average income of retired couples has increased by around 7% in real terms, with the richest fifth increasing by 4%, compared to 7% for the least well-off pensioners.

It is encouraging that over the past ten years pensioners' incomes have increased in real terms. However, in the current environment with inflation having recently reached double figures, there is an increased challenge of making money last.

So, even while we are in a challenging situation that can lead to a focus purely on short-term finances, if you're able to continue paying attention to your long-term pension

savings, it will be extremely worthwhile by the time you come to retire.

How to make your savings work harder during this inflationary period

Revisit your financial goals – As you start to notice the effects of increased prices, you might find that your current financial goals could take longer to reach than originally planned, or they might need to be adjusted. So now could be a prime time to revisit your plans and consider if they need to change.

Have a Direct Debit detox – Many of us sign up to memberships and subscriptions that we could probably live without, so have a think about whether you could cancel them or shop around for a better deal. You might be surprised at how much money you could save.

Prioritise your spending – It's worth seeing if you can put off purchases you'd planned for a while longer. If it's not essential, you might be better waiting until you're confident that making that purchase now won't impact your standard of living. However, if you've been thinking about making a big purchase, such as a car or a required home improvement, and you have the money to do so, you might find you'd be better off going ahead now rather than waiting until later when prices could be even higher and the pound in your pocket is worth less, saving you money in the long run.

Try to clear any outstanding debt – When inflation rises, interest rates are generally increased to help control the economy. If you have any variable rate debt, you might find that your regular payments go up as a result. So, it's best to review debt arrangements as a priority, making sure you are reducing interest being paid as much as possible.

Make the most of tax-efficient savings and consider making investments – It's worth bearing in mind that you receive tax benefits on pension payments, effectively meaning it costs less to save more into a pension plan.

So even if you're focused on short-term finances at the moment, it's important to continue contributing to your pension: time in market is one of the most important factors in investing, and if you choose to stop contributing you could miss out on valuable contributions from your employer. Although remember that you can't access your pension savings until you're aged 55 (rising to 57 in 2028 unless you already have a plan with a protected pension age).

If you want to access your money before age 55, while giving your savings the opportunity to grow in line with inflation (and, importantly, stand a chance of beating it), it's advisable to invest over the medium to long term, which is generally five years or more. Stocks & Shares ISAs are a tax-efficient way to save for medium or long-term goals without having to tie up your money.

Or you could consider a Cash ISA for shorter-term goals like rainy day funds – but, of course, be mindful of the impact of inflation on the value of these. ■

Are you on track for a secure financial future?

Start talking to us today about your future retirement plan and we can help you make sure it's a resilient one. We understand that your goals, aspirations and dreams are unique to you and we'd love to discuss how we could help. **We look forward to hearing from you.**

Source data:

[1] According to Pensioner Income Series Data – https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-2020-to-2021/pensioners-incomes-series-financial-year-2020-to-2021

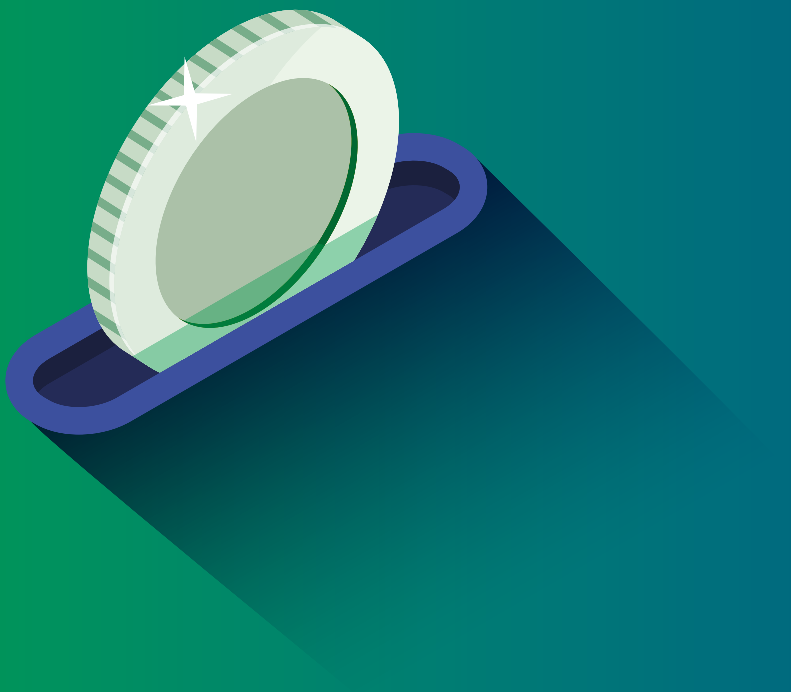
[2] Figure is based on Standard Life internal analysis of market annuity rates as at July 2022

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

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

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

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



How to maximise the value of pension savings

Mistakes to avoid when you're aiming to build your pension pot

Many people are feeling the pressure on their finances at the moment due to the backdrop of rising inflation and the cost of living soaring. In these circumstances, it can be difficult to think about your long-term finances or even contemplate saving for the future.

However, even in the current climate there are ways to maximise the value of any pension savings you do have. By sidestepping seven common mistakes, you could take your pension planning to another level and reduce the risk of falling short of money later.

Simple rules to follow when retirement planning and mistakes to avoid

Don't turn down money from your employer

When offered the opportunity to join a workplace pension, it's nearly always a good idea to do so. For most people, your employer must automatically enrol you in a workplace pension scheme, and you may even be offered a pension plan if you don't meet the criteria.

Workplace pension schemes are made up of your own payments (5% or more of earnings), which are deducted from your salary, in some cases before you pay tax, making it easier to save, and your employer's contribution, which at the very least, must be equivalent to 3% of your qualifying earnings. Many employers offer more than this or match any extra payments you make, so it's worth checking if you're getting the most out of this valuable benefit.

Don't say 'no' to extra money from the government

Anyone who decides against investing in a workplace or personal pension also turns down help from the government. That's because in order to encourage people to save for retirement, the government provides a top-up called 'tax relief' to pension payments. How you receive this tax relief depends on the type of plan you have and the rate of Income Tax you pay.

But as an example, if you're a basic rate taxpayer saving into a personal pension in the current tax year, you receive 20% tax relief on your payments. So, if you pay £200 a month into your pension plan, the £40 of tax relief you receive on that payment means it will only cost you £160. Higher rate or additional rate taxpayers could claim back even more.

Some workplace pension schemes offer tax relief in a different way, such as through salary sacrifice or exchange schemes, so check with your employer if you're not sure how this works for you. And in Scotland, the tax relief details differ slightly. But in all these cases, the general point is the same: each time you defer paying into a pension plan, you miss out on an extra boost.

Don't expect the State Pension to cover everything

Another common mistake is to assume that the State Pension will meet your retirement needs. However, it's important to know that the State Pension won't be available until your late 60s and may not cover all of your outgoings.

Currently, pensioners who are entitled to the full new single-tier State Pension receive £185.15 a week in 2022/23, worth £9,627.80 for the year. But remember that what you get depends on your National Insurance record, so you could get less.

Pensioners that reached State Pension age before April 2016 and receive the basic State Pension get £141.85 a week, or £7,376.20 a year.

Don't lose track of your pension plans

It has never been more important to keep track of all your old pension plans. You are at most risk of having lost track of a pension if you have changed jobs multiple times, moved home often and not updated your pension providers or opted out of SERPS (the State Earnings-Related Pension Scheme) in 1980s or 1990s.

Don't assume that the minimum is enough

Auto-enrolment has boosted the pension savings of millions of people but the 8% minimum payment may not get you the retirement lifestyle you want. It's important to therefore have a retirement lifestyle in mind. We can discuss with you how much money you could have in your pension pot in the future, so you can ensure that you don't find yourself in a situation whereby you have an income shortfall.

Don't leave your pension pot unloved or neglected

You might not want to talk about your pension plan every day, but dismissing pensions as boring is a mistake, and one that becomes increasingly serious over time. While this might be difficult at the moment, steps such as topping up your payments, especially in your 20s, 30s or early 40s, can make a large difference, thanks to the snowball effect of compounding.

Knowing whether it's workplace or private, understanding how to get more 'free' payments from your employer or the government, or using it to pay less tax (such as through bonus sacrifice) could make a major difference to your long-term finances.

Don't suppose that one pension plan is the same as another

A related mistake is not knowing where your pension pot is invested, whether that matches your life-stage and priorities or how to choose the right investment options. For example, if your retirement is still some years ahead, you could potentially afford to take a little more risk. Conversely, you may want to dial down the risk as you get nearer to retirement. ■

It all starts with a financial plan, to help bring your goals to life

Do you have a dream retirement in your head? Are you on track to make it a reality? To find out more about how we can turn your dreams into reality, **please contact us for more information.**

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Time to take control of your retirement plans?

Planning for a better future with Purely Pensions

How much will I need to retire? Purely Pensions will help plan your pension to achieve greater financial freedom when you decide to stop working. When it comes to planning for retirement, the earlier you start, the more potential your money has to grow. ■

Contact us for more information on the services we offer:

Email: **info@purelypensions.co.uk**

Website: **www.purelypensions.co.uk**