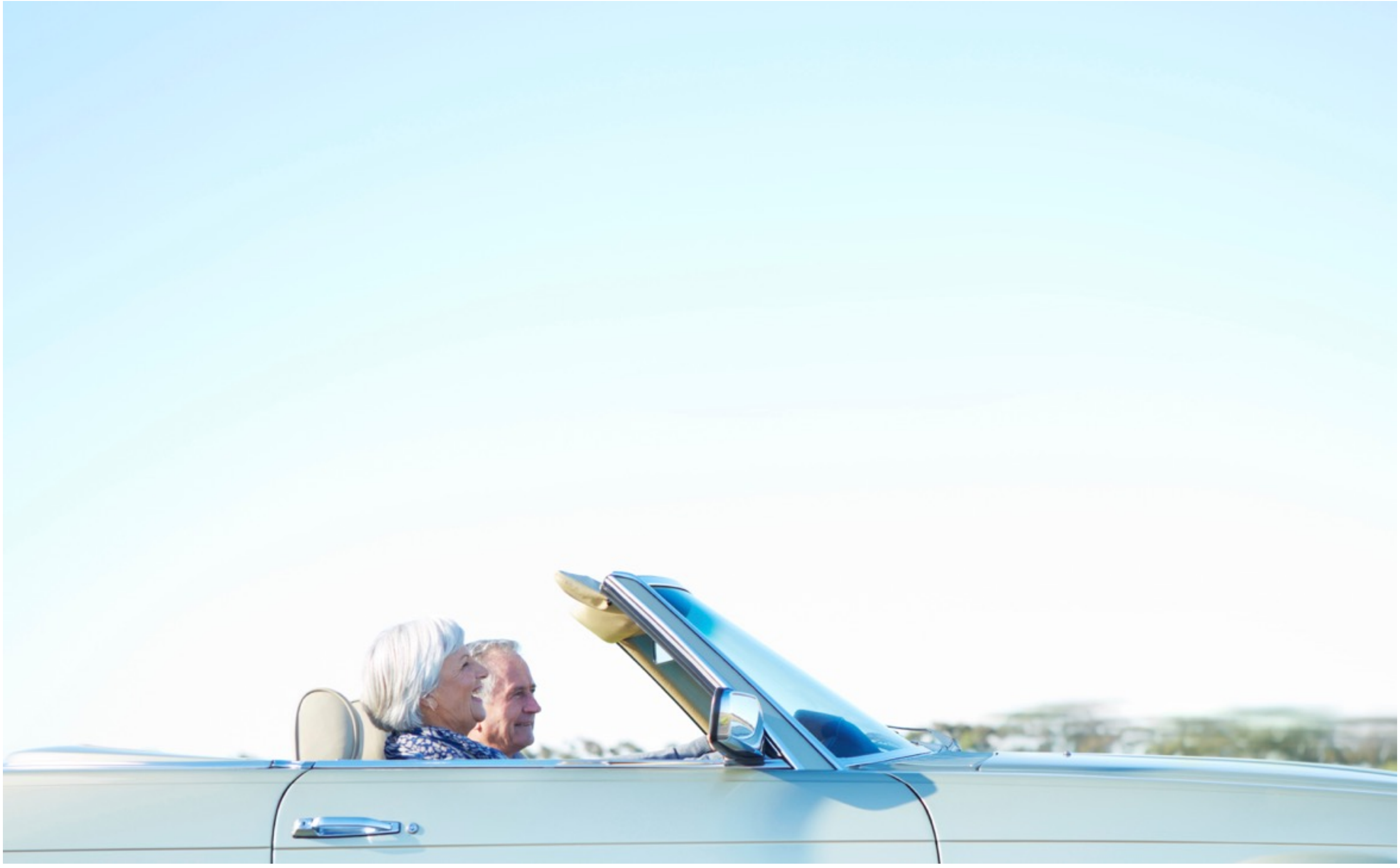
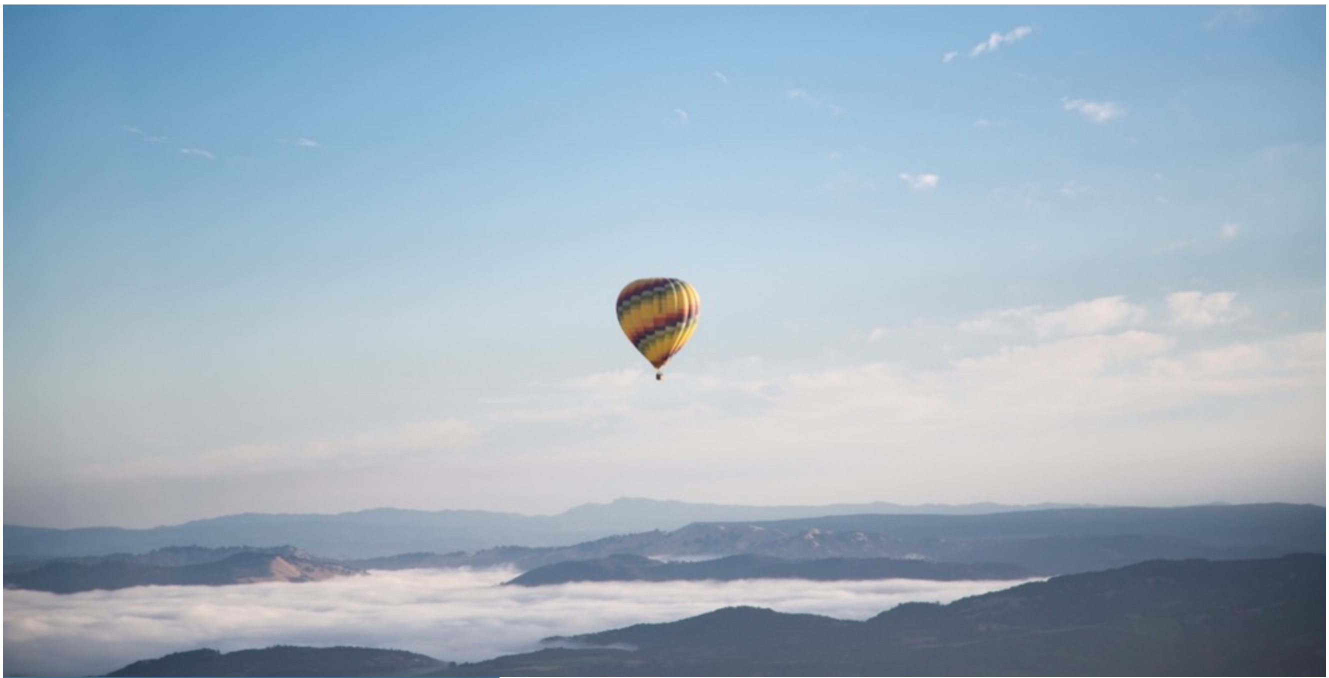


PENSION FREEDOMS

An introductory guide

UNIQ FAMILY WEALTH

Introduction



> **“It's right you have this new pension freedom – after all, it is YOUR money”**
> George Osborne

From April 2015, individuals have had more freedom to access their pensions. These changes mark a radical departure from the existing system, by giving you greater choice and trusting you with your own finances. Pensions freedoms will allow you to choose how to access the money you have saved in your pension pot.

But, with more choice comes complexity. To support you at a time when it is vital for you to select the best option for your future and your retirement, UNIQ has produced this overview of the options available to access your pension benefits, together with the key issues to consider.

What does it mean for me?

In the past it was typical to use your pension to take a tax free lump sum and purchase an annuity which would provide you with a guaranteed income for life

From age 55 you have several options for your pension, you can choose to:

➢ Purchase an annuity

You can still use your pension to purchase an annuity after taking take up to 25% of the value of your pension as a tax free lump sum. Alternatively you could use 100% of the value of your pension to purchase an annuity.

➢ Keep your pension invested and move into Flexi Access Drawdown

Under Flexi Access Drawdown your pension fund remains invested. 25% of the fund value is available to you tax free, the remaining 75% is available but if withdrawn this is subject to income tax at your marginal rate. Withdrawals can be taken as a lump sum or a on more regular basis.

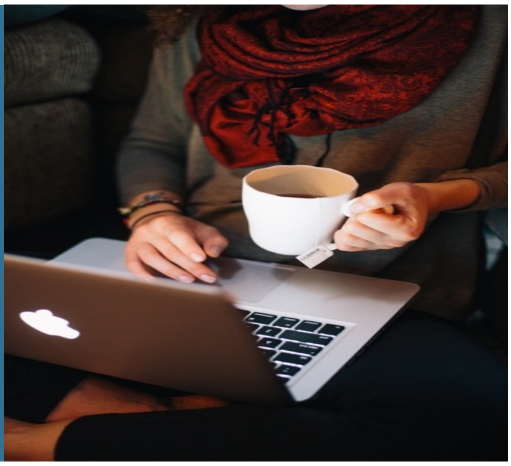
➢ Keep your pension invested and withdraw tax free lump sums

You can withdraw 25% of the pension fund tax free either as a lump sum or a series of lump sums. The remaining 75% of your pension fund remains invested,

The options above can also be mixed and matched as appropriate. Every individuals circumstance will be different so its important to look carefully at your own circumstance.

Please note, 25% of your pension fund will be available as a tax free lump sum,
any income produced from any of the options above will be added to your income for the tax year in which the income is received and taxed at your marginal rate of income tax.

Taxation example: If you earned an income of £15,000 and withdraw your 25% tax free cash in the same year as well as an additional £10,000 income withdrawal from your pension pot. You would need to pay 20% income tax on the £10,000 income withdrawal.



The new death benefit rules

Under the previous rules pension funds were subject to a 55% tax charge if the owner of the pension was over the age of 75. The 55% tax charge was also applicable on any part of the pension fund which had been accessed to provide an income or lump sum

This changed from April 2015. The rules now depend on the age at death or the investor.

If the pension investor dies before age 75 – the pension can be passed to any nominated beneficiaries completely tax free: the beneficiaries can withdraw the money as income or a lump sum as they require.

If the investor dies after age 75 any payments from the fund are taxed at the beneficiaries marginal income rate, while lump sums will be charged at a flat rate of 45 percent- which will be lowered to the beneficiary's marginal rate of income tax from the tax year 2016/2017.

The right qualifications

To be able to fully advise you on all areas of pension planning a Financial Adviser must hold the pension transfer specialist qualification and hold the FCA permission – **advising on pension transfers and opt-outs**. Without these a Financial Adviser may not be authorised to fully advise you on all of the options available to you with your existing pensions, and you may miss out on valuable opportunities to utilise your pension to meet your life goals and objectives.

*At UNIQ we hold the pension transfer specialist qualification and the FCA permission – **advising on pension transfers and opt-outs** ensuring we can provide full advice on Pensions' Freedoms. Our clients generally have at least £100,000 in assets including savings, investments, pensions and cash.*

Important decisions

The introduction of these new choices are liberating and exciting but they also bring increased complexity when it comes to decision making. The choices you make now will impact how you live in retirement, so it essential you make the right decisions for you and your family, now and in the future.

How we can help

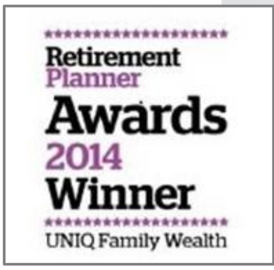
At UNIQ Family Wealth our team of Financial Planners can help you clarify your retirement goals and guide you through the options. Using cash flow modelling we apply an in depth approach to help you make the right choices for your lifestyle whether you want to retire now, postpone retirement or take a phased approach.

We offer an initial discovery meeting at our expense please call us on 029 20782330 or email theteam@uniqfamilywealth.co.uk.

Find us at uniqfamilywealth.co.uk

About The Author

Marlene is the founder and owner of UNIQ Family Wealth that is built with a distinct family focus, drawing on her experience of owning a Financial Planning practice for 17 years. She is a Certified Financial Planner[cm], Chartered Fellow of CISI and past President of the Institute of Financial Planning. Last year the firm won Retirement Planner of the Year. In her spare time she enjoys being with her growing family, Zumba, music, skiing and entertaining.



UNIQ FAMILY WEALTH

To find out more or to book an initial discovery meeting to start your financial plan please contact us at theteam@uniqfamilywealth.co.uk.

Find us at uniqfamilywealth.co.uk

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