

How will changing working patterns affect your pension?

The factors influencing your pension choices

Take control of your investments



Wealth Viewpoint

How will changing working patterns affect your pension?

The sooner you start saving, the healthier your pension pot is likely to be when you need to draw on it.

But what happens to your pension planning if your working hours reduce, or stop?

First things first

If you join a company you may be enrolled into their workplace pension scheme which, in most cases, your employer will also pay into. The self-employed, on the other hand, should set up a personal pension, which come in the form of a basic personal pension, stakeholder pension, or Self Invested Personal Pension (SIPP).

Workplace pension schemes will have minimum contribution levels, but you should save more if you can. In fact, some commentators suggest that if you take the age you start your pension and halve it, that's the percentage of salary you should save each year.

What's more, as your earnings increase it makes sense to save more into your pension if you can afford to. There's no limit on how much you save, but there are limits on the amount of tax relief you'll receive.

To find out how much your retirement might cost, it's helpful to ask yourself:

- When do you want to retire?
- What do you want from your retirement?
- How will your spending habits change?
- Would you move, or stay in your current home?
- Will you continue doing some form of paid work after retirement?
- Will you be entitled to the full State Pension?

Whether you're employed, self-employed, part time or full time, please get in touch with us to explore your pension planning options.

The value of investments and any income from them can fall as well as rise. You may not get back the amount originally invested. HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

What if your working patterns change?

If you reduce your hours your contributions may also reduce, so you'll need to consider how that impacts your retirement planning.

Working part time won't affect your state pension entitlement providing you earn at least £166 per week. Entitlement depends on your National Insurance contribution history and if your part-time earnings are lower than the threshold you might be able to pay voluntary class 3 NI contributions to plug the gap.

If you need to take time off work, you and your employer will carry on making pension contributions if you're taking paid leave. The same applies for maternity and other paid parental leave.

If you're taking maternity leave and not getting paid, your employer still has to make pension contributions in the first 26 weeks of your leave (Ordinary Maternity Leave). Whether they continue making contributions after that will depend on their maternity policy, so it pays to check.



The factors influencing your pension choices

Planning the best way to draw your pension savings is not straightforward, after all, there's no 'one size fits all' when it comes to retirement.

Life expectancy, the impact of inflation and the choices available at retirement (thanks to the 2015 Pension Freedoms) are all influencing factors in your decision making. You'll also need to take into account not just your pension savings but any other investments or assets you might have.

Your pension choices

If you're aged 55 or over and in a defined contribution pension plan from 6 April 2015, you may be able to access your pension savings in a number of different ways:

- Buy an annuity
- Flexi Access Drawdown
- Uncrystallised Funds Pension Lump Sum (UFPLS)

If you decide not to purchase (or defer the purchase of) an annuity and instead take income using Flexi-access drawdown or UFPLS, adopting the right investment approach and keeping it regularly under review will be all important.

A question of balance

Balancing the potentially conflicting needs of income production and capital preservation is vital. Equally important is an understanding that personal circumstances will change throughout your retirement.

The three 'stages' of retirement

The early years

You're more active and therefore might want flexibility over how you draw your income.

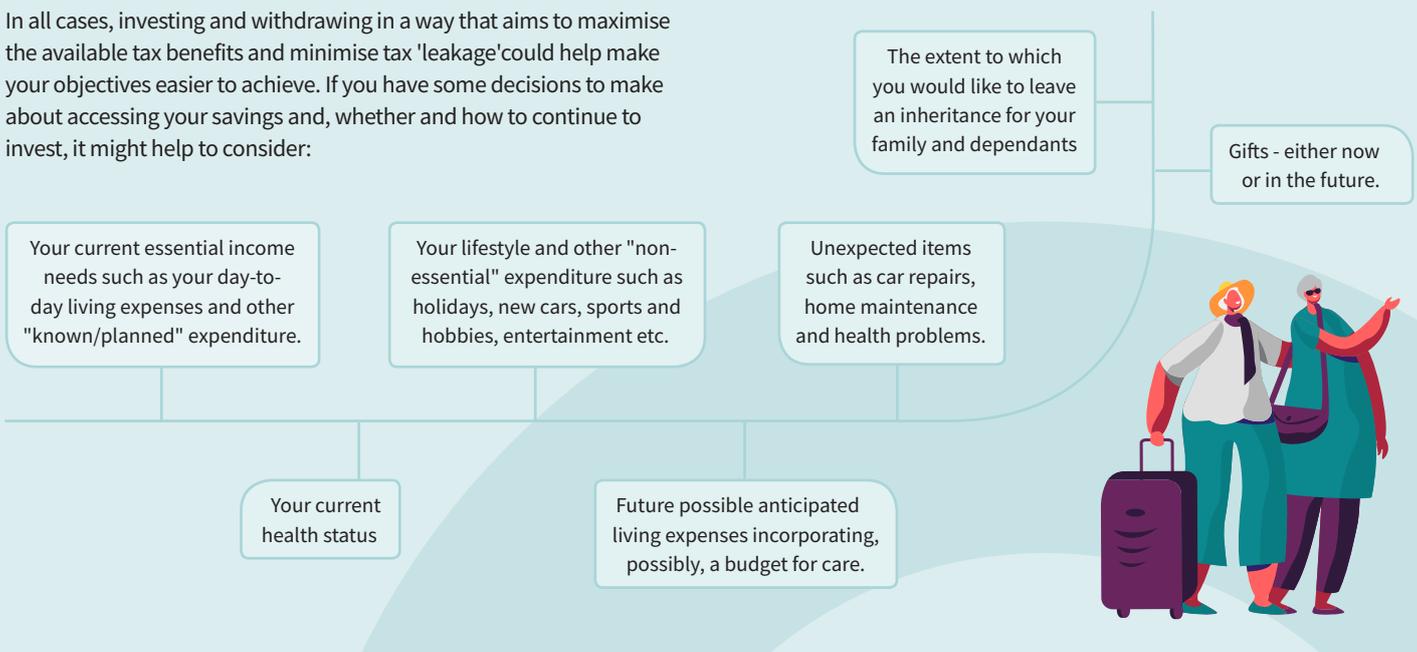
The middle years

You're getting slightly less active and your lifestyle has settled into a more stable routine, so you'll need a more stable income level.

The later years

You may need to increase your income to cover, for example, the cost of care.

In all cases, investing and withdrawing in a way that aims to maximise the available tax benefits and minimise tax 'leakage' could help make your objectives easier to achieve. If you have some decisions to make about accessing your savings and, whether and how to continue to invest, it might help to consider:



If you'd like advice on how you can make more of your investments and pension savings in retirement, or you'd like to find out more about pension death benefits, please get in touch.

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Take control of your investments

Your platform access may depend on the ongoing servicing level you have agreed with us. Please get in touch to find out more.



Getting a clear, concise view of your investment portfolio can be difficult and time-consuming. That's why we use a secure, online system known as a platform.

A platform gives you secure, online access to your investment funds with a transparent, easy-to-understand charging structure. So rather than holding your ISAs, pensions and other investments in different places, you can view everything at a single glance.

Think of it as an online bank account for your investments which we can administer on your behalf.

A clear picture

As well as cutting down on paperwork, using a platform can speed up transactions and give you the flexibility to take advantage of annual tax allowances. And because your assets are held on one online source, you (and we) can access consolidated reports at the touch of a button.

Whether you need a stocks and shares ISA for tax efficient savings, a simple way of investing your money, or a pension to help fund your retirement, we can offer it all in one place with a single solution, giving you secure online access to keep an eye on your investments 24/7.

With us by your side, we'll help make your money work harder for you, giving you peace of mind, a sense of direction and control over your future.

The benefits of a platform

Choice

A platform provides easy access to a wide range of investment funds, allowing us to tailor your portfolio to better reflect your current circumstances, financial position and attitude to risk.

Flexibility

As well as allowing you to view your investments in one place, the flexibility of the platform means you can record other assets such as the value of your property or any antiques you may have.

Ease of use

The platform is uncomplicated and user friendly. It takes the effort out of managing your finances (and completing your tax return) because you can access consolidated reports at the touch of a button.

Transparent charging

The platform helps you clearly see the costs involved with any investment decision you make.

Control

The platform gives greater control when it comes to making key investment decisions.

Past performance is not a guide to future performance. The value of an investment and any income from it can fall as well as rise and you may not get back the amount you originally invested.

Downton & Ali Associates

Dartford Business Park
Victoria Road
Dartford
DA1 5FS

02030210075
info@downtonandali.co.uk
www.downtonandali.co.uk



Downton and
Ali Associates