



ST. JAMES'S PLACE
WEALTH MANAGEMENT

Pension Planning for Women

Women in Rural Enterprise

National Conference

6th April 2016

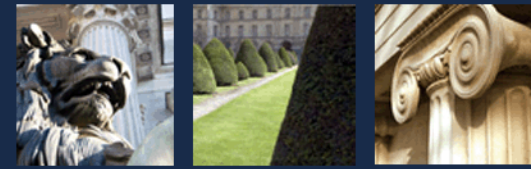
Presented by Janet Gee,

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Wealth Management PLC

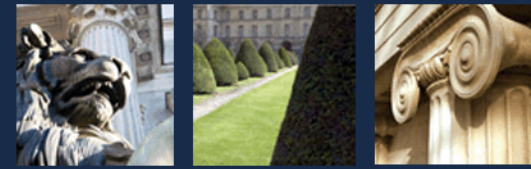


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Pension Planning for Women

- Objectives:
- To understand the new world of pension freedoms
- To empower women by giving more understanding of financial matters
- To be able to make informed financial choices regarding your retirement options
- To support our chosen work-life balance



Why we need to Plan for Retirement

- it costs money!
- Most people under-estimate how much money they will need in retirement
- Most people under-estimate how long they will live
- Without good planning, risk of money running out at a time when you may need it most i.e needing to pay for care



Some Key Questions

- Do you know the value of your personal pension plan(s)?
- Do you know what type of pension plan(s) you hold?
- Do you know your planned retirement date(s)?
- Do you know what happens to your pension(s) if you die? Before and after you have started drawing it?



Types of Pension Plans

- **Defined Benefit Pension Plans** – based on number of years' service and salary value. Very few schemes now open to new members and only provided by large employers / public sector
- **Defined Contribution Pension Plans** – based on value of contributions from employer and employee, and any investment growth
- *The value of a Defined Contribution Plan will be directly linked to the performance of the funds selected and the value can therefore go down as well as up. You may get back less than the amount invested*



State pension facts

- **State pension forecast** – how many years of qualifying NI contributions do you have?
- State pension age is 65, rising to 66 from 2020 and 67 from 2028
- New universal state pension is £155.65 per week from April 2016, and taxable
- Personal Pensions can be taken from age 55 onwards – 10 years below state retirement age
- *the levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances*



Your Pension Plan Statement

How much is your pension pot worth?

What level of pension income will it / is it projected to provide for you?

Will it provide for any dependants?

When can you afford to retire?

Your pension is held in trust – who are your beneficiaries?



Options for Taking your Pension (1)

- **Withdraw all the funds as a lump sum**
- 25% tax free but remainder will be treated as income and may increase your tax liability in the year “additional income” is assessed
- Risk that all funds will be spent and no money available for an income in later life
- *the levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances*



Options for Taking your Pension (2)

- Buy an **annuity**
- This is an income for life, based on capital value of fund used to buy the annuity
- Value will also depend on rate of annual escalation and any dependant's pension
- Simple to administer
- Income is taxable
- No further growth in funds, irreversible process
- *the levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances*



Options for Taking your Pension (3)

- **Drawdown** – this leaves the fund invested and withdraws a fixed / flexible amount as required
- Higher risk strategy and more suited to people with larger pension pots and other source(s) of retirement income
- Advice strongly recommended before taking this option
- *“Income Drawdown” will reduce the size of your pension fund and the investment growth may not be sufficient to maintain the level of income you wish to draw. If you withdraw money at a rate greater than the growth achieved by your investments, your remaining fund will reduce in value.*



Other sources of Retirement Income

- **ISAs** – tax free income
- Allowance is £15,240 for 2016/17, rising to £20,000 in 2017/18
- Ensure you utilise your annual ISA allowance as this can supplement your retirement income
- **Other investments**, may be taxable
- **Part-time working**, subject to health
- *The value of any investment with St. James's Place will be directly linked to the performance of the funds selected and the value may fall as well as rise. You may get back less than the amount invested. The levels and bases of taxation and reliefs from taxation can change at any time and are generally dependant on individual circumstances*



Other Sources of Retirement Income

cont'd

- *Property Rental Income* – but no tax breaks and may need to sell the property to release capital
- *Assessable against Capital Gains tax*
- *Equity Release**
- - *lifetime mortgage** or *home reversion plans** available
- - *essential to take advice before selecting this option*
- *The levels and bases of taxation and reliefs from taxation can change at any time. The value of any tax relief depends on individual circumstances*
- **to understand the features and risks associated with such products, please ask for a personalised illustration*



Retirement Planning Advice

- Advisable for everyone to plan properly for retirement to ensure you have sufficient income to:
- -enjoy, and maintain, your chosen lifestyle
- make gifts / financially assist children / grandchildren
- pay for care in later life
- Not run out of capital / income and so limit your choices.



Further Information

- Further information, and confidential, impartial, financial / pension review available from **Janet Gee**

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