*"The most radical changes to pensions in almost a century"* **GEORGE OSBORNE**

# Are you prepared?

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WEALTH MANAGEMENT

The end of the tax year is fast approaching and some major, important changes are due to take place regarding pensions. The new pension rules have been designed to give savers greater control and flexibility over their money going into retirement. Do you know what they are? How will you be affected? We are going to answer those questions for you! We want to ensure that you are aware of the significant pension changes being introduced on the 6th April.

There are 6 vital changes you need to look out for and possibly seek financial advice on:

**1. Flexible access to pensions from age 55 –** from April 2015, most pension investors aged at least 55 and over will have total freedom as to how they take an income or a lump sum from their pension.

**2. New restrictions on how much you can contribute to a private pension –** Pension contributions are (and will still be after April 2015) subject to a £40,000 annual allowance and specific contribution rules. However, if after April 2015 you make withdrawals from a defined contribution pension in addition to tax-free cash, contributions to defined contribution plans could also be restricted to £10,000.

**3. 55% pension "death tax" to be abolished –** From April 2015 this tax charge will be abolished. The tax treatment of any pension you pass on, which you do not use to purchase an annuity, will depend on the age you are when you die.

**4. Death after buying a joint life or guaranteed term annuity –** Currently, your spouse, partner or beneficiaries pay income tax at their marginal rate. In the Autumn Statement the Chancellor announced it will be tax free if you die before age 75.

**5. Transferring a defined benefit pension (e.g. final salary) –** Most people with a defined benefit pension will be able to take advantage of the new rules and make unlimited withdrawals. To do so, they will have to transfer to a defined contribution pension (e.g. a SIPP). but as you could lose very valuable benefits, you will have to receive appropriate independent advice first.

**6. Retirement ages to increase –** The age at which you can draw your pension, currently 55, is set to increase. It will be 57 from 2028 and from then increase in line with the rise in the State Pension age. It will remain 10 years below the State Pension age. This will not apply to Public Sector Pension Schemes for Firefighters, Police and Armed Forces.

However, with the right advice, you can maximise your retirement planning to the limit ensuring that: a) You do not lose valuable tax reliefs and use your full current and carry forward provisions. b) Understand the variety of investments without being tied to one insurance company. c) Plan your retirement ensuring that benefits are taken in the most suitable manner d) Secure your dependents for the long term.

*Our advisers have expert knowledge across the entire pension arena and would be delighted to guide you through the maze of pension legislation. Please contact us if you would like to discuss any of the above points.*

*Make sure you stay up to date with all the latest changes by either getting in touch or following us on both Twitter and Linkedin.*

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