LIFESTYLE

ISSUE 10

SEPTEMBER – DECEMBER 2018

MAKING THE MOST OF YOUR PENSIONS

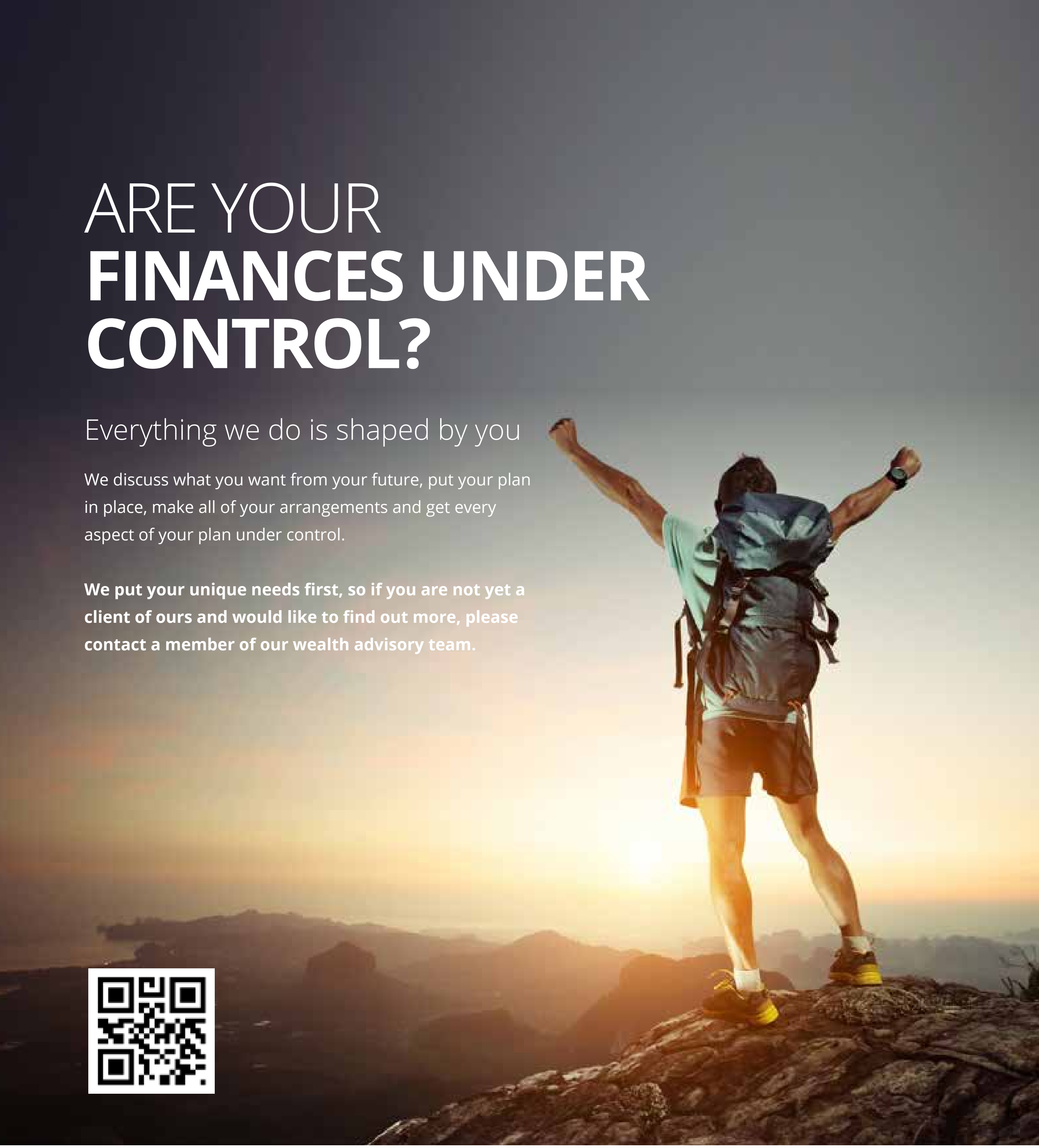
Have you accumulated multiple plans that need reviewing?

PROTECTING YOUR ESTATE FOR FUTURE GENERATIONS

Many individuals find the Inheritance Tax rules too complicated

LUDLOW

Your Finances Under Control


ARE YOUR
FINANCES UNDER CONTROL?
Everything we do is shaped by you
We discuss what you want from your future, put your plan in place, make all of your arrangements and get every aspect of your plan under control.
We put your unique needs first, so if you are not yet a client of ours and would like to find out more, please contact a member of our wealth advisory team.

WELCOME TO *LIFESTYLE*

Welcome the latest issue of *Lifestyle* from Ludlow Wealth Management. As the poet and playwright Oscar Wilde once commented, 'When I was young I thought that money was the most important thing in life; now that I am old I know that it is.' And with these pertinent words in mind, inside this issue we look at a number of topics designed to keep you up to date and help you plan to meet any changes in your life and financial circumstances.

People are generally living longer these days. Increasingly, more people are living well into their 80s and 90s – and some even longer. This may mean you have a long time to budget for. On page 04, we look at why it is very important to consider all of your options carefully and think about what will matter to you in retirement.

More than 100,000 people transferred out of Defined Benefit (DB) pensions in 2017/18. A DB pension scheme is one where the amount you're paid is based on how many years you've worked for your employer and the salary you've earned. The figures show that a large number of people are still transferring out of traditional salary-related pensions, but whether this is a good idea or not depends crucially on your individual circumstances. For many people, a guaranteed salary-related pension that lasts as long as you do, and is unaffected by the ups and downs of markets, is likely to be the best answer. But there will be some who want extra flexibility or who are focused on passing on some of their pension wealth for whom a transfer might be the right answer. It is vital to take, and listen to, professional financial advice before making a big decision of this sort. Turn to page 06 to find out more.

If you struggle to navigate the UK's Inheritance Tax regime, you are not alone. Whether you are setting up your estate planning or sorting out the estate of a departed family member, the system can be hard to follow. Getting your planning wrong could also mean your family is faced with an unexpectedly high Inheritance Tax bill. Read the full article on page 08.

We strive to provide stories that are informative and inspire you to look at your financial plans in a proactive way. To discuss any of the articles featured in this issue, please contact a member of the Ludlow Wealth advisory team – telephone: 01704 500324, email: info@ludco.co.uk or visit our website: www.ludco.co.uk.

Ian Hemingway
CEO

VISIT LUDLOWWEALTHMANAGEMENT

DWJ GROUP ESTABLISHED 1897 PEFC recycle

INSIDE THIS ISSUE

LUDLOW

Your Finances Under Control

172 Lord Street, Southport PR9 0QA
T: 01704 500324 **E:** info@ludco.co.uk **W:** www.ludco.co.uk

LIFESTYLE magazine is published for Ludlow Wealth Management Group Limited by Goldmine Media Limited. All enquiries should be addressed to LIFESTYLE magazine, c/o Goldmine Media Limited, Basepoint Innovation Centre, 110 Butterfield, Great Marlings, Luton, Bedfordshire LU2 8DL.

AVERTING A LATER-LIFE FINANCIAL CRISIS

More retirees drawing pensions without LPAs

PEOPLE ARE GENERALLY LIVING LONGER THESE DAYS. INCREASINGLY, MORE PEOPLE ARE LIVING WELL INTO THEIR 80S AND 90S – AND SOME EVEN LONGER. THIS MAY MEAN YOU HAVE A LONG TIME TO BUDGET FOR. THAT'S WHY IT IS VERY IMPORTANT TO CONSIDER ALL OF YOUR OPTIONS CAREFULLY AND THINK ABOUT WHAT WILL MATTER TO YOU IN RETIREMENT.

You can now access your pension in more ways than ever before, after the Government introduced wide-ranging changes in April 2015. These changes give you more options, so it's important that you take time to think carefully before you decide what to do with your money.

LATER-LIFE FINANCIAL CRISIS

Nearly 80% of retirees using the UK's pension freedoms to manage their retirement savings face a potential 'later-life financial crisis' as they have not set up a Lasting Power of Attorney (LPA), a recently published report[1] has warned. There are two types of LPA. These are the Health and Welfare Lasting Power of Attorney, and the Property and Financial Affairs Lasting Power of Attorney.

The research found that 345,265 pensioners accessing their pension pots in this way have not yet given a family member or friend the legal authority to make decisions on their behalf if they were no longer able to do so.

RESPONSIBILITY OF MANAGING INCOME

The analysis underscores the scale of an issue that has emerged since the British Government abandoned the requirement to buy an annuity at retirement. It has come to light that twice as many people are now opting for drawdown over annuities. In effect, this puts the responsibility of managing income in retirement on the individual.

Registering an LPA has become even more important since the pension reforms. Thousands of people are now making complex decisions on their pension into old age, when the risk of developing a sudden illness or condition such as dementia increases. Despite this, many are unprepared for a sudden health shock or a decline in their mental abilities. The time to set up an LPA is well before you need it.

POTENTIALLY CREATING PROBLEMS

With more and more people moving into drawdown, this is potentially creating problems that could leave thousands of people facing a possible later-life financial crisis. It is vital to plan for a time when managing your pension might become hard, or even impossible, and obtaining professional financial advice is one of the best ways to do this.

The Alzheimer's Society has discovered that there are currently 850,000 people in the UK living with dementia, which could increase to over 1 million by 2025. Yet the report revealed that only 21% of retirees who have accessed funds under the new freedoms have registered an LPA.

DISCUSSIONS WITH YOUR FAMILY OR OTHERS

An LPA can be a very important part of advance planning for a time when a person will not be able to make certain decisions for themselves. It allows you to choose someone you trust to make those decisions in your best interests. This can be reassuring, and making an LPA can start discussions with your family or others about what you want to happen in the future.

The stigma around the LPA, as with dementia, is compounded by its links to mental capacity. Some people are reluctant to consider a future where they may not be able to make their own decisions due to the connotations they associate with this. In cases where LPAs are not in place, assets and equity may be lost, or those in a vulnerable position may be forced to make decisions they are no longer able to make. ■

DO YOU NEED HELP? GIVE US A CALL

Whatever your plans for the future, we are here to help you take the next step. Please contact us to discuss your requirements or to answer any questions you may have.

Source data:

[1] The study for Zurich UK is based on a YouGov survey of a UK sample of 742 people who have moved into drawdown since the pension freedoms were introduced in April 2015. The survey was carried out between 14 December 2017 and 24 January 2018. FCA Data Bulletin (issue 12) shows 345,265 pots moved into income drawdown between October 2015 and October 2017. Assuming the number of people moving into drawdown continued at a similar rate from November 2017 to April 2018, this would equate to a further 86,316 people in drawdown. 345,265 + 86,316 = 431,581 people.
345,265 / 2 years of drawdown data = 172,632 x 10 years = 1,726,325 people.

PENSIONS ARE A LONG-TERM INVESTMENT.

THE RETIREMENT BENEFITS YOU RECEIVE FROM YOUR PENSION PLAN WILL DEPEND ON A NUMBER OF FACTORS INCLUDING THE VALUE OF YOUR PLAN WHEN YOU DECIDE TO TAKE YOUR BENEFITS, WHICH ISN'T GUARANTEED AND CAN GO DOWN AS WELL AS UP.

THE VALUE OF YOUR PLAN COULD FALL BELOW THE AMOUNT(S) PAID IN.

TO TRANSFER, OR **NOT TO TRANSFER?**

What to consider before making this big decision

MORE THAN 100,000 PEOPLE TRANSFERRED OUT OF DEFINED BENEFIT (DB) PENSIONS IN 2017/18[1]. A DB PENSION SCHEME IS ONE WHERE THE AMOUNT YOU'RE PAID IS BASED ON HOW MANY YEARS YOU'VE WORKED FOR YOUR EMPLOYER AND THE SALARY YOU'VE EARNED. THE FIGURES SHOW THAT A LARGE NUMBER OF PEOPLE ARE STILL TRANSFERRING OUT OF TRADITIONAL SALARY-RELATED PENSIONS, BUT WHETHER THIS IS A GOOD IDEA OR NOT DEPENDS CRUCIALLY ON YOUR INDIVIDUAL CIRCUMSTANCES.

For many people, a guaranteed salary-related pension that lasts as long as you do, and is unaffected by the ups and downs of markets, is likely to be the best answer. But there will be some who want extra flexibility or who are focused on passing on some of their pension wealth for whom a transfer might be the right answer. It is vital to take, and listen to, professional financial advice before making a big decision of this sort.

FIVE REASONS WHY A PENSION TRANSFER MIGHT BE SUITABLE

1. Flexibility – instead of taking a set pension on a set date, you have much more choice about how and when you take your pension. Many people are choosing to 'front load' their pensions, so that they have more money when they are more fit and able to travel, or to act as a bridge until their State Pension or other pension becomes payable.
2. Tax-free cash – some DB pension schemes may offer a poor deal if you want to convert part of your DB pension into a tax-free lump sum. Although the tax-free cash is in theory 25% of the value of the pension, you often lose more than 25% of your annual pension if you go for tax-free cash; with a Defined Contribution (DC) plan, you get exactly 25% of the pot as tax-free cash.
3. Inheritance – generous tax rules mean that if you leave behind money in a DC pension pot, it can be passed on with a favourable tax treatment, especially if you die before the age of 75. In a DB pension, while there may be a regular pension for a widow or widower, there is unlikely to be a lump sum inheritance to children.
4. Health – those who live the longest get the most out of a DB pension, but those who expect to have a shorter life expectancy might do better to transfer if this means there is a balance left in their pension fund when they die, which can be passed on. Please note that HM Revenue & Customs may challenge this for those who die within two years of a transfer.
5. Employer solvency – while most pensions will be paid in full, every year some sponsoring employers go bankrupt. If the DB pension scheme goes into the Pension Protection Fund (PPF), you could lose 10% if you are under pension age, and may get lower annual increases; if you have transferred out, you are not affected.

FIVE REASONS WHY A PENSION TRANSFER MIGHT NOT BE SUITABLE

1. Certainty – with a DB pension, you get a regular payment that lasts as long as you do; with a DC pot, you have to face 'longevity risk' (not knowing how long you will live).
2. Inflation – a DB pension has a measure of built-in protection against inflation, but with a DC pot you have to manage this risk yourself, which can be expensive.
3. Investment risk – with a DC pension, you have to handle the ups and downs of the stock market and other investments; with a DB scheme, you don't need to worry – it's the scheme's problem.
4. Provision for survivors – by law, DB pensions have to offer minimum level of pensions for widows/widowers etc., whereas if you use a DC pension pot to buy an annuity, it dies with you unless you pay extra for a 'joint life' policy.
5. Tax – DB pensions are treated relatively favourably from the point of view of pension tax relief. Those with larger pensions could be under the lifetime limit (currently

£1.03 milion) inside a DB scheme, but the same benefit could be above the limit if transferred into a DC arrangement. ■

Source data:

[1] An FOI request to the Pensions Regulator from Royal London showed that there were an estimated 100,000 transfers out of DB pensions in 2017/18, up from 80,000 in 2016/17. The average transfer was around £200,000, suggesting around £20 billion in total was transferred out in 2017/18.

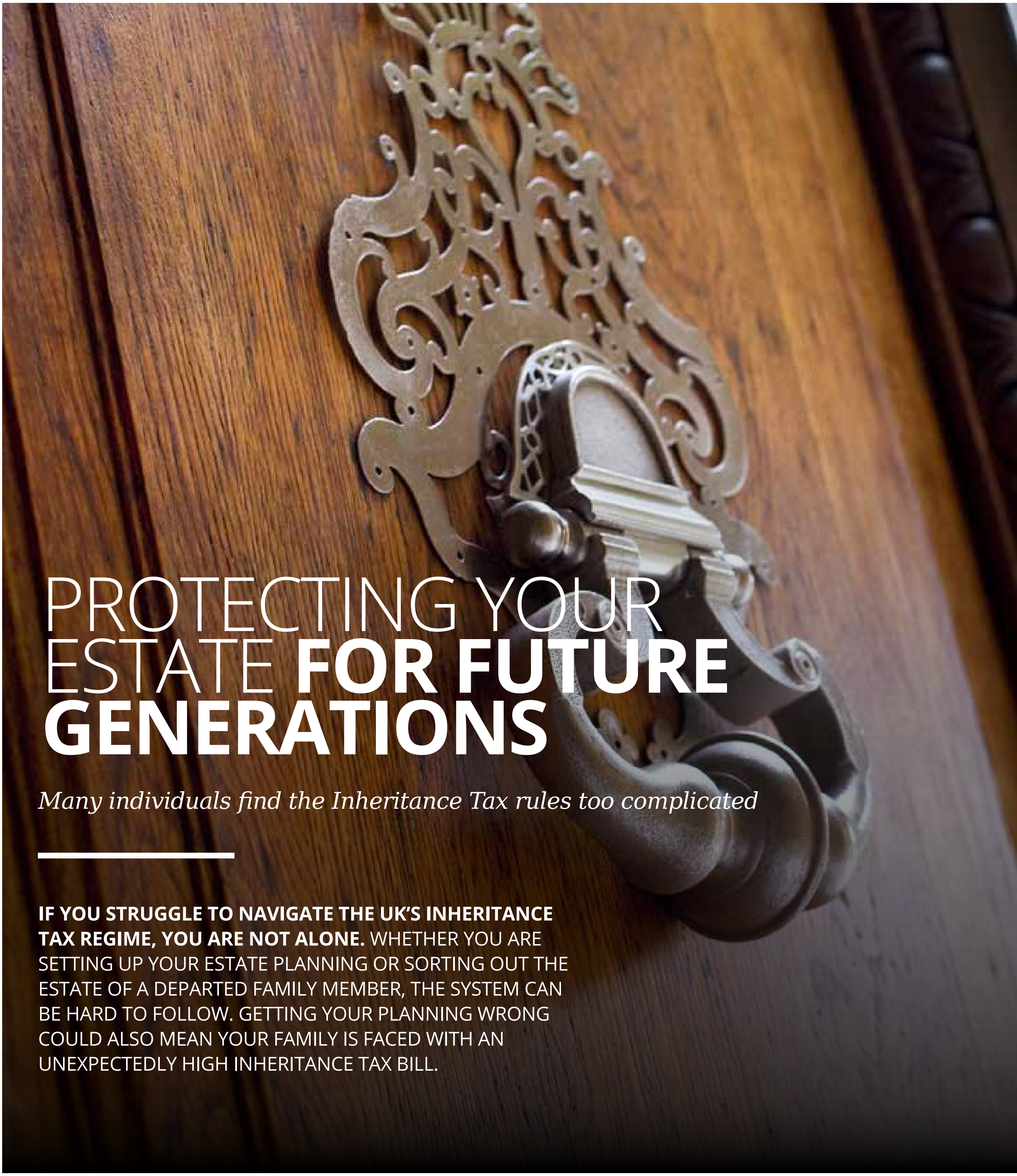
TIME FOR A PENSION REVIEW?

Before considering transferring your pensions, it's essential you receive impartial professional financial advice about your particular situation. We can help you do this. For a pension review, please contact us – don't leave it to chance.

PENSIONS ARE A LONG-TERM INVESTMENT.

THE RETIREMENT BENEFITS YOU RECEIVE FROM YOUR PENSION PLAN WILL DEPEND ON A NUMBER OF FACTORS INCLUDING THE VALUE OF YOUR PLAN WHEN YOU DECIDE TO TAKE YOUR BENEFITS, WHICH ISN'T GUARANTEED AND CAN GO DOWN AS WELL AS UP.

THE VALUE OF YOUR PLAN COULD FALL BELOW THE AMOUNT(S) PAID IN.



PROTECTING YOUR ESTATE **FOR FUTURE GENERATIONS**

Many individuals find the Inheritance Tax rules too complicated

IF YOU STRUGGLE TO NAVIGATE THE UK'S INHERITANCE TAX REGIME, YOU ARE NOT ALONE. WHETHER YOU ARE SETTING UP YOUR ESTATE PLANNING OR SORTING OUT THE ESTATE OF A DEPARTED FAMILY MEMBER, THE SYSTEM CAN BE HARD TO FOLLOW. GETTING YOUR PLANNING WRONG COULD ALSO MEAN YOUR FAMILY IS FACED WITH AN UNEXPECTEDLY HIGH INHERITANCE TAX BILL.

RELUCTANT TO SEEK PROFESSIONAL ADVICE

Findings from a recent survey[1] revealed that many individuals find the Inheritance Tax rules too complicated, but the majority are reluctant to seek professional advice. The research revealed that over three quarters (77%) think the UK's Inheritance Tax rules are too complicated. Yet despite this, only a third (33%) have sought professional advice on Inheritance Tax planning.

We understand that ensuring your Inheritance Tax planning is tax-efficient is a sensitive subject, and as a result planning opportunities can be missed. Early preparation is the key to success. Taking advantage of alternative methods to secure wealth and to shelter your estate will ensure that more wealth can be passed onto the next generation.

EXEMPT FROM INHERITANCE TAX

Every individual in the UK, regardless of marital status, is entitled to leave an estate worth up to £325,000. This is known as the 'nil-rate band'. Anything above that amount is taxed at a rate of 40%. If you are married or in a registered civil partnership, then you can leave your entire estate to your spouse or partner. The estate will be exempt from Inheritance Tax and will not use up the nil-rate band.

Instead, the unused nil-rate band is transferred to your spouse or registered civil partner on their death. This means that should you and your spouse pass away, the value of your combined estate has to be valued at more than £650,000 before the estate would face an Inheritance Tax liability.

Here's our snapshot of the main Inheritance Tax areas you may wish to consider and discuss further with us.

STEPS TO MITIGATE AGAINST INHERITANCE TAX

MAKE A WILL

Dying intestate (without a Will) means that you may not be making the most of the Inheritance Tax exemption which exists if you wish your estate to pass to your spouse or registered civil partner. For example, if you don't make a Will, then relatives other than your spouse or registered civil partner may be entitled to a share of your estate, and this might trigger an Inheritance Tax liability.

RESIDENCE NIL-RATE BAND

If you're worried that rising house prices might have pushed the value of your estate into exceeding the nil-rate band, then the new 'residence nil-rate band' could be significant. From 6 April 2017, it can now be claimed on top of the existing nil-rate band. It starts at £100,000 per person and will increase annually by £25,000 every April until 2020, when the £175,000 maximum is reached.

MAKE LIFETIME GIFTS

Gifts made more than seven years before the donor dies, to an individual or to a bare trust (see types of trust), are free of IHT. So it might be wise to pass on some of your wealth while you are still alive. This will reduce the value of your estate when it is assessed for IHT purposes, and there is no limit on the sums you can pass on. You can gift as much as you wish – this is known as a 'Potentially Exempt Transfer' (PET).

However, if you live for seven years after making such a gift, then it will be exempt from Inheritance Tax. However, should you be unfortunate enough to die within seven years, then it will still be counted as part of your estate if it is above the annual gift allowance. You need to be particularly careful if you are giving away your home to your children with conditions attached to it, or if you give it away but continue to benefit from it. This is known as a 'Gift with Reservation of Benefit'.

LEAVE A PROPORTION TO CHARITY

Being generous to your favourite charity can reduce your Inheritance Tax bill. If you leave at least 10% of your estate to a charity or number of charities, then your Inheritance Tax liability on the taxable portion of the estate is reduced to 36% rather than 40%.

SET UP A TRUST

Family trusts can be useful as a way of reducing Inheritance Tax, making provision for your children and spouse, and potentially protecting family businesses. Trusts enable the donor to control who benefits (the beneficiaries) and under what circumstances, sometimes long after the

donor's death. Compare this with making a direct gift (for example, to a child) which offers no control to the donor once given. When you set up a trust, it is a legal arrangement, and you will need to appoint 'trustees' who are responsible for holding and managing the assets. Trustees have a responsibility to manage the trust on behalf of and in the best interest of the beneficiaries, in accordance with the trust terms. The terms will be set out in a legal document called 'the trust deed'.

TYPES OF TRUST YOU MIGHT CONSIDER

BARE (ABSOLUTE) TRUSTS

The beneficiaries are entitled to a specific share of the trust, which can't be changed once the trust has been established. The settlor (person who puts the assets in trust) decides on the beneficiaries and shares at outset. This is a simple and straightforward trust – the trustees invest the trust fund for the beneficiaries but don't have the power to change the beneficiaries' interests decided on by the settlor at outset. This trust offers potential Income Tax and Capital Gains Tax benefits, particularly for minor beneficiaries.

LIFE INTEREST TRUSTS

Typically, one beneficiary will be entitled to the income from the trust fund whilst alive, with capital going to another (or other beneficiaries) on that beneficiary's death. This is often used in Will planning to provide security for a surviving spouse, with the capital preserved for children. It can also be used to pass income from an asset onto a beneficiary without losing control of the capital. This can be particularly attractive in second marriage situations when the children are from an earlier marriage.

DISCRETIONARY (FLEXIBLE) TRUSTS

The settlor decides who can potentially benefit from the trust, but the trustees are then able to use their discretion to determine who, when and in what amounts beneficiaries do actually benefit. This provides maximum flexibility compared to the other trust types, and for this reason is often referred to as a 'Flexible Trust'. ■

Source data:
[1] Canada Life's annual Inheritance Tax monitor survey of 1,001 UK consumers aged 45 or over with total assets exceeding the individual Inheritance Tax threshold (nil-rate band) of £325,000. Carried out in October 2017.

TIME TO EVALUATE WHETHER OR NOT INHERITANCE TAX COULD BECOME PAYABLE?

When someone dies, Inheritance Tax needs to be considered. Without the right professional advice and careful financial planning, HM Revenue & Customs can become the single largest beneficiary of your estate following your death. To evaluate whether or not Inheritance Tax could become payable, all of your assets you hold at the date of death need to be valued, and reliefs and exemptions determined. Don't leave it to chance – contact us for a review of your situation.

'MULTI-JOBBERS'

Falling foul of the minimum earnings threshold

THE RULES AROUND PENSIONS ARE CONTINUOUSLY CHANGING. TO MAKE THE MOST OF YOUR RETIREMENT, IT'S ESSENTIAL TO RECEIVE REGULAR PROFESSIONAL FINANCIAL ADVICE ON HOW TO BUILD UP AND INVEST YOUR PENSION EFFECTIVELY.

As the success of auto-enrolment continues, two in five UK workers (39%) aged 22–29 years old[1] are now saving adequately for retirement, up from 30% last year. Despite this, more than one in five young people (21%) are still saving nothing for later life, with a further 20% saving seriously less than 12% of their income.

HARDWORKING MISSING OUT

The research also shows that nearly two million 'multi-jobbers' – people with more than one job – are missing out on over £90 million a year in employer contributions because of the policy on auto-enrolment thresholds. Multi-jobbers, who are often working full-time hours, are unfairly missing out on pension contributions for their overall earnings due to their income being split across different employers, thus falling foul of minimum earnings threshold for enrolment.

It is, however, encouraging that more young people are saving enough for a decent retirement, and auto-enrolment has played a really important part. But auto-enrolment was designed as a safety net for a country facing a pensions crisis. The findings of this study show some of the hardest working and most financially vulnerable members of society are slipping through the auto-enrolment net because of minimum earnings thresholds. This unfairly impacts multi-jobbers, who could be working the equivalent of full-time hours, yet without the financial benefit of having a single employer.

ADEQUATE SAVINGS LEVELS

Meanwhile, savings levels have stagnated across the rest of the working population. At 55%, the proportion of UK workers saving adequately for retirement has dropped slightly for the first time since 2013, falling from 56%, the prevailing rate for the last few years.

Despite adequate savings rates having risen by 10% since auto-enrolment was introduced in 2012, the stall in recent years demonstrates that a renewed effort is needed to improve the nation's readiness for retirement.

UNFAIR BARRIER IN THE WAY

The fact that savings levels have stagnated for the last few years shows that auto-enrolment is not a silver bullet. It will be interesting to see if the step-up in minimum contributions helps reverse this trend, but it doesn't take away from the fact that the current threshold puts an unfair barrier in the way of low-paid workers and their ability to prepare adequately for retirement. It's vital that every single person in the UK is prepared for the rising costs of retirement, and removing the threshold can help to do that.

It's a thorny issue, but only by tackling it will the lowest paid sectors of the workforce have a fair chance of kick-starting their later life savings with support from their employers. ■

SETTING OUT YOUR FINANCIAL PLAN

Even if retirement seems a long way off, having a plan in place is vital to ensuring that the lifestyle you want is achievable. By setting out a financial plan and keeping it up to date, we can help you meet changes in life and financial circumstances. If you would like to discuss your plans, please contact us.

Source data:

[1] The research looks at this age range because 22 is the age at which workers become auto-enrolled – Scottish Widows research, in partnership withYouGov, shows that 13% of these workers have more than one job (4,194,060people).

MONEY'S TOO **TIGHT TO MENTION**

Financial impact on annual retirement income after divorce

FIRST COMES MARRIAGE, THEN FOR SOME COUPLES COMES DIVORCE. BUT A STABLE MARRIAGE IS ONE OF THE BEST PATHS TO BUILDING AND MAINTAINING WEALTH. DIVORCE, ON THE OTHER HAND, IS EXPENSIVE. POSSESSIONS, MONEY, FINANCIAL ASSETS AND DEBT ACQUIRED DURING (AND SOMETIMES BEFORE) MARRIAGE ARE DIVIDED BETWEEN FORMER SPOUSES. PUTTING A PRICE TAG ON A DIVORCE IS TRICKY.

However, for some couples, no amount of marriage counselling is enough to avoid a divorce. It's a tough process emotionally and financially. Untangling two people's money can be messy. Long before spousal or child support is awarded or your post-divorce budget is in place, you'll need to prepare your finances for the work ahead.

MARRIAGE BREAKDOWN IMPACT ON PENSION SAVING

Divorcees who plan to retire in 2018 can expect their yearly income to drop by £3,800 compared to those who've never divorced, new research[1] shows. The findings reveal that the expected annual retirement income for those divorcees retiring in 2018 is £17,600, compared with £21,400 for those who have never experienced a marriage break up.

The latest available divorce statistics from the Office of National Statistics[2] covering up to 2016 showed that the number of people getting divorced has started to rise again, and that those over the age of 55 saw the greatest increase in 2016 compared to 2015.

DIVORCEES ARE MORE LIKELY TO RETIRE IN DEBT

Those who have been divorced are more likely to retire in debt (23%) than those who have never been divorced (16%). But it's not all bad news for divorcees though, as they will retire with lower debts (£30,500 compared with £36,900).

However, divorcees are more likely to have no pension savings at all when they retire (15%) than those who haven't been through a divorce (11%). And they're less likely to reach the minimum standard for their annual income set by the standards the Joseph Rowntree Foundation (JRF).

HUGE FINANCIAL IMPACT ON PEOPLE'S LIVES

Around one in seven (14%) who have been divorced expect to have incomes lower than the JRF's benchmark of £192.27 a week, or £9,998 a year, compared with 12% of those who have never been divorced.

Divorce can have a huge financial impact on people's lives. Many may not realise that the cost of divorce can last well into retirement, as divorcees expect retirement incomes of nearly £4,000 less each year than those who have never been divorced.

ONE OF THE MOST COMPLEX ASSETS TO SPLIT

The stress of getting through a divorce can mean people understandably focus

on the immediate priorities like living arrangements and childcare, but a pension fund and income in retirement should also be a priority. A pension fund is one of the most complex assets a couple will have to split, so anyone going through a divorce should seek legal and professional financial advice to help them do so.

For many more couples, the increase in value of pensions mean that it is often the largest asset. It goes without saying that advice is crucial as early as possible in any separation where couples have joint assets.

THE HEART WANTS WHAT THE HEART WANTS

This research highlights the importance of divorced couples continuing to pay into their pensions even after a pension share on divorce has been implemented. Usually, a pension built up during the marriage is shared equally on divorce. If the divorcing couple are some way off retirement, this often gives the person receiving the pension share the chance to plan.

The old saying about love is that 'the heart wants what the heart wants'. When the heart wants a divorce, it can feel like your world is turning upside down. While divorces are gut-wrenching emotionally, the financial implications can be equally devastating. ■

ASSESSING YOUR FINANCIAL NEEDS

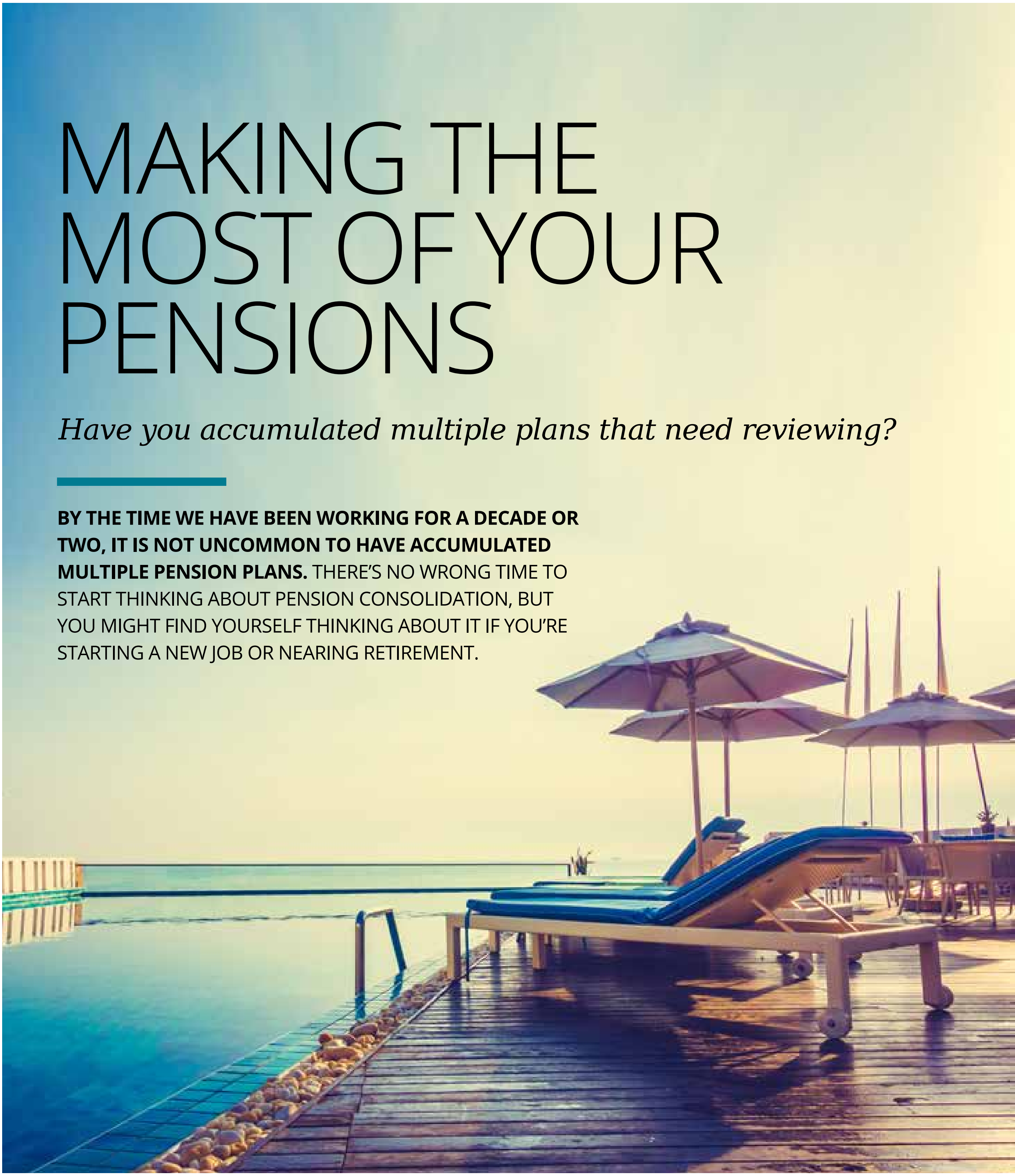
Divorce and money concerns go hand-in-hand. Not only will you have to determine how to split the assets and debts during the divorce, but you'll have to figure out how to survive financially after the divorce is finalised. Please contact us for further information or to arrange a meeting if this is an area you would like to discuss.

Source data:

[1] Research Plus ran an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in 2018.

[2] Latest divorce statistics from the Office of National Statistics, published 18 October 2017 – https://www.ons.gov.uk/peoplepopulationandcommunity birthsdeathsandmarriages/divorce/bulletins/divorcesinenglandandwales/2016

All expected income figures rounded to the nearest £100.



MAKING THE MOST OF YOUR PENSIONS

Have you accumulated multiple plans that need reviewing?

BY THE TIME WE HAVE BEEN WORKING FOR A DECADE OR TWO, IT IS NOT UNCOMMON TO HAVE ACCUMULATED MULTIPLE PENSION PLANS. THERE'S NO WRONG TIME TO START THINKING ABOUT PENSION CONSOLIDATION, BUT YOU MIGHT FIND YOURSELF THINKING ABOUT IT IF YOU'RE STARTING A NEW JOB OR NEARING RETIREMENT.

Consolidating your pensions means bringing them together into a new plan, so you can manage your retirement saving in one place. It can be a complex decision to work out whether you would be better or worse off combining your pensions, but by making the most of your pensions now, this could have a significant impact on your retirement.

RETIREMENT SAVINGS IN ONE PLACE

Whenever you decide to do it, when you retire it could be easier having a single view of all of your retirement savings in one place. However, not all pension types can or should be transferred. It's important that you obtain professional advice to compare the features and benefits of the plan(s) you are thinking of transferring.

Some alternative pension options may offer the potential for a better investment return than existing pensions – giving the opportunity to boost savings in retirement, without saving any more. In addition, some people might benefit from moving their money to a pension that offers funds with less risk – which may not have been available before. This could be particularly important as someone moves towards retirement, when they might not want to take as much risk with their money they've saved throughout their working life.

KEEPING TRACK OF THE CHARGES

If someone has several different pensions, it can be difficult to keep track of the charges they're paying to existing pension providers. By combining pensions into a new plan, lower charges could be available – providing the opportunity to further boost retirement savings. However, it's important to fully understand the charges on existing plans before considering consolidating pensions.

Combining pensions into one pot also reduces paperwork and makes it easier to estimate the income someone can expect to receive in retirement. However, before the decision is made to consolidate pensions, it's essential to make sure there are no loss of benefits attributable to an existing pension.

REVIEW YOUR PENSION SITUATION REGULARLY

It's essential that you review your pension situation regularly. If appropriate to your particular situation and only after receiving professional financial advice, pension consolidation could enable existing policies to be brought together in one place, ensuring they are managed correctly in line with your wider objectives.

Gone are the days of a job for life. So many of us may have several pensions accumulated over the years – some of which we may have left with former employers and forgotten about! Don't forget your pension can and should work for you to provide a better quality of life when you retire. Looked after correctly, it can enable you to do more in retirement, or even start your retirement early. ■

PLANNING FOR LIFE AFTER WORK

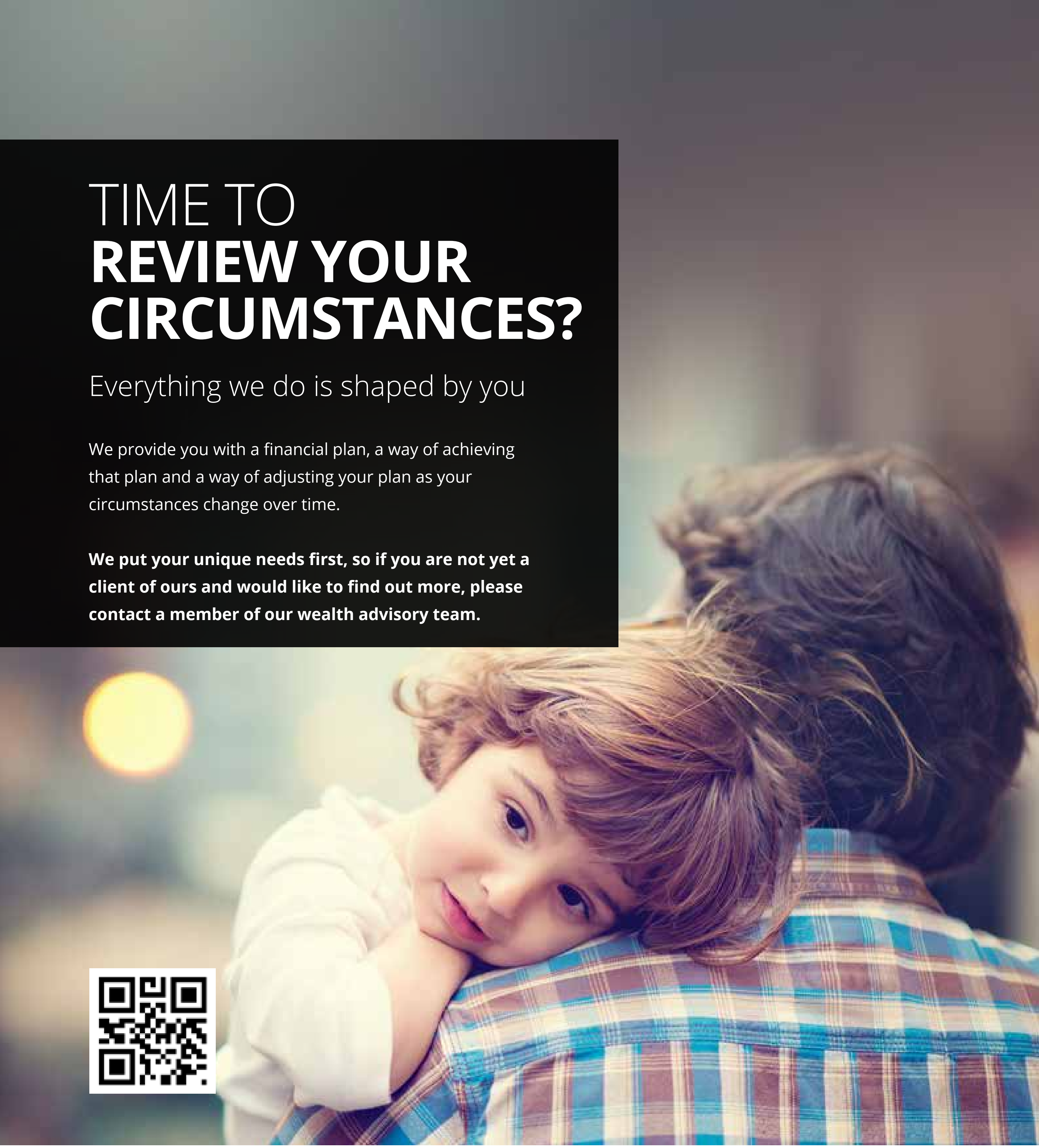
Planning for retirement can leave many of us adrift. Getting to a position where you are able to make the most of life today, as well as life after work, requires a clear, realistic plan and expert execution. To find out more about how we can help you achieve the retirement you deserve, please contact us – we look forward to hearing from you.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.



TIME TO **REVIEW YOUR CIRCUMSTANCES?**

Everything we do is shaped by you

We provide you with a financial plan, a way of achieving that plan and a way of adjusting your plan as your circumstances change over time.

We put your unique needs first, so if you are not yet a client of ours and would like to find out more, please contact a member of our wealth advisory team.

LUDLOW

172 Lord Street, Southport PR9 0QA
T: 01704 500324 **E:** info@ludco.co.uk **W:** www.ludco.co.uk