

Refresh your retirement plans and stay on track

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Today's speakers



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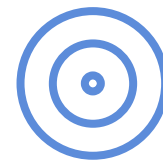


WHO WE ARE AND WHAT WE DO

About Evelyn Partners



1
of the leading
wealth management groups



187 YEARS
of helping clients achieve
their financial goals



179k+
clients trust us with
their financial future



£59.1bn
assets under
management



10+
Years
Performance
track record



A leading
provider of investment
and financial
advisory services



3000
>3,000 staff across the
UK, Ireland and Jersey



290+
Qualified financial
planners



330+
Investment
managers



30
local offices

Financial Planning Awards



Investment Awards



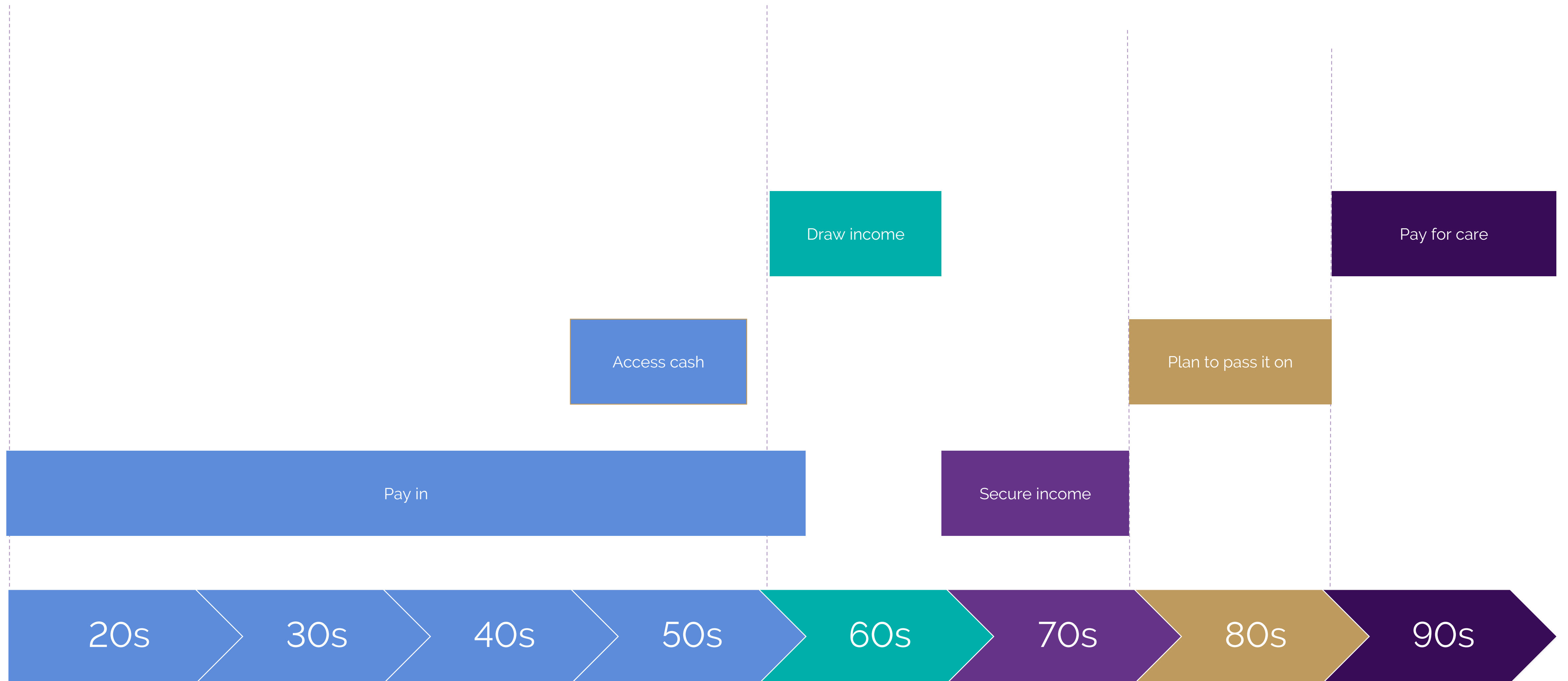
What we'll cover

- 1 Retirement planning considerations
- 2 Pensions and point of retirement options
- 3 Benefits of financial forecasting
- 4 Managing investment risk in retirement
- 5 Effective use of tax allowances
- 6 Questions

Positioning yourself for retirement



Managing changing priorities





Preparing for retirement - options





Don't just rely on your pension

Questions that you need to think about

- When do I want to retire?
- What do I plan to do in my retirement?
- Do I know how much that would cost?
- What would a comfortable retirement look like?
- How much help do I think my children will need in the future?
- Do I expect to retire completely, or will it be more gradual?
- How do I think my expenditure will change in retirement?



How much income do I need?

Standard of living	Single person	Couple
Basic	£14,400 PA	£22,400 PA
Moderate	£31,300 PA	£43,100 PA
Comfortable	£43,100 PA	£59,000 PA

The three levels show the amount you might need to achieve that standard of living in retirement. Everyone's financial circumstances are different. The standards provide a rule of thumb guide based on common costs for many people in retirement.

Source: Pensions & Lifetime Savings Association, www.retirementlivingstandards.org.uk, January 2024



What size fund do I need?

Standard of living	Single person	State pension	Gross income shortfall	Fund size required if annuity purchase (*7 th March)
Basic	£14,400 PA	£11,502 PA	£3,355 PA	£45,338
Moderate	£31,300 PA	£11,502 PA	£24,480 PA	£330,810
Comfortable	£43,100 PA	£11,502 PA	£39,284 PA	£530,884

The three levels show the amount you might need to achieve that standard of living in retirement. Everyone's financial circumstances are different. The standards provide a rule of thumb guide based on common costs for many people in retirement.

Source: Pensions & Lifetime Savings Association, www.retirementlivingstandards.org.uk, January 2024

* Assumes annuity rate of 7.4% - example only - (*7th March 2024)



State Pension

- Introduced in 1909
- New flat rate State Pension introduced in 2016
- Some will have additional entitlements
- 35 years of NI contributions now required for full pension
- Less than 10 years = no entitlement
- Can make voluntary contributions
- Check your entitlement via Government Gateway

Your forecast is £203.85 a week,
£886.38 a month, £10,636.60 a
year

! Your State Pension forecast is provided for your information only and the service does not offer financial advice. When planning for your retirement, you should seek professional advice.

Your forecast

- is not a guarantee and is based on the current law
- is based on your National Insurance record up to 5 April 2023
- does not include any increase due to inflation

£203.85 is the most you can get

For illustrative purposes only.

Source tracking link <https://www.access.service.gov.uk/login/signin/creds>



State Pension Age

- Was 60 for women, 65 for men
- Now 66 for anyone born before April 1960
- 67 for anyone born between April 1960 and April 1977
- Rising to 68
- Further increases?

Table 5: Increase in State Pension age from 67 to 68, men and women

Date of birth	Date State Pension age reached
6 April 1977 – 5 May 1977	6 May 2044
6 May 1977 – 5 June 1977	6 July 2044
6 June 1977 – 5 July 1977	6 September 2044
6 July 1977 – 5 August 1977	6 November 2044
6 August 1977 – 5 September 1977	6 January 2045
6 September 1977 – 5 October 1977	6 March 2045
6 October 1977 – 5 November 1977	6 May 2045
6 November 1977 – 5 December 1977	6 July 2045
6 December 1977 – 5 January 1978	6 September 2045
6 January 1978 – 5 February 1978	6 November 2045
6 February 1978 – 5 March 1978	6 January 2046
6 March 1978 – 5 April 1978	6 March 2046
6 April 1978 onwards	68th birthday

State Pension age timetables (publishing.service.gov.uk)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf

Check your State Pension age

Your State Pension age is the earliest age you can start receiving your State Pension. It may be different to the age you can get a [workplace or personal pension](#).

Use this tool to check:

- when you'll reach State Pension age
- your Pension Credit qualifying age
- when you'll be eligible for free bus travel

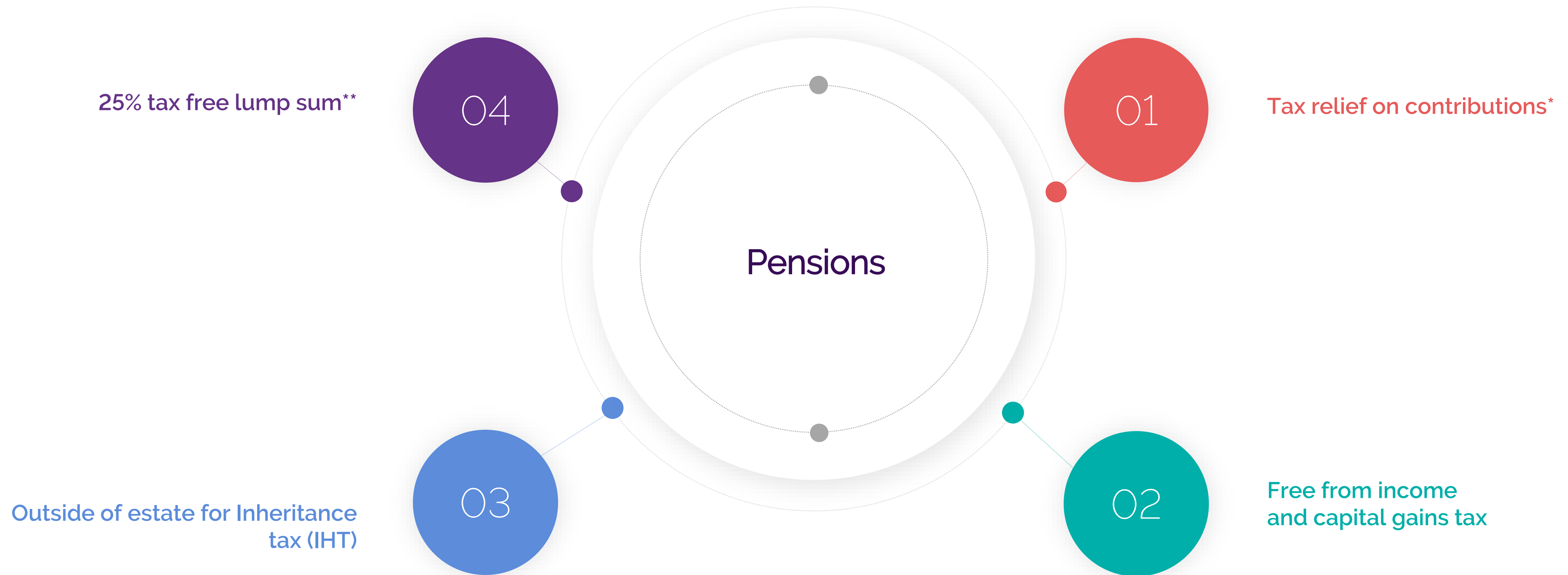
The State Pension age is regularly reviewed, so the results of this tool may change in the future. You can [read about the results of the most recent review](#).

Start now >

Source tracking link <https://www.access.service.gov.uk/login/signin/creds>



Pensions have an important role to play



Tax reliefs and allowances depend on individual circumstances and are subject to change

*Contributions within the Annual Allowance.

**Money Purchase pensions, if within the Lifetime Allowance. The amount of tax-free lump sum may vary.



Tax relief on contributions

Basic rate tax payer

£80

Higher rate tax payer

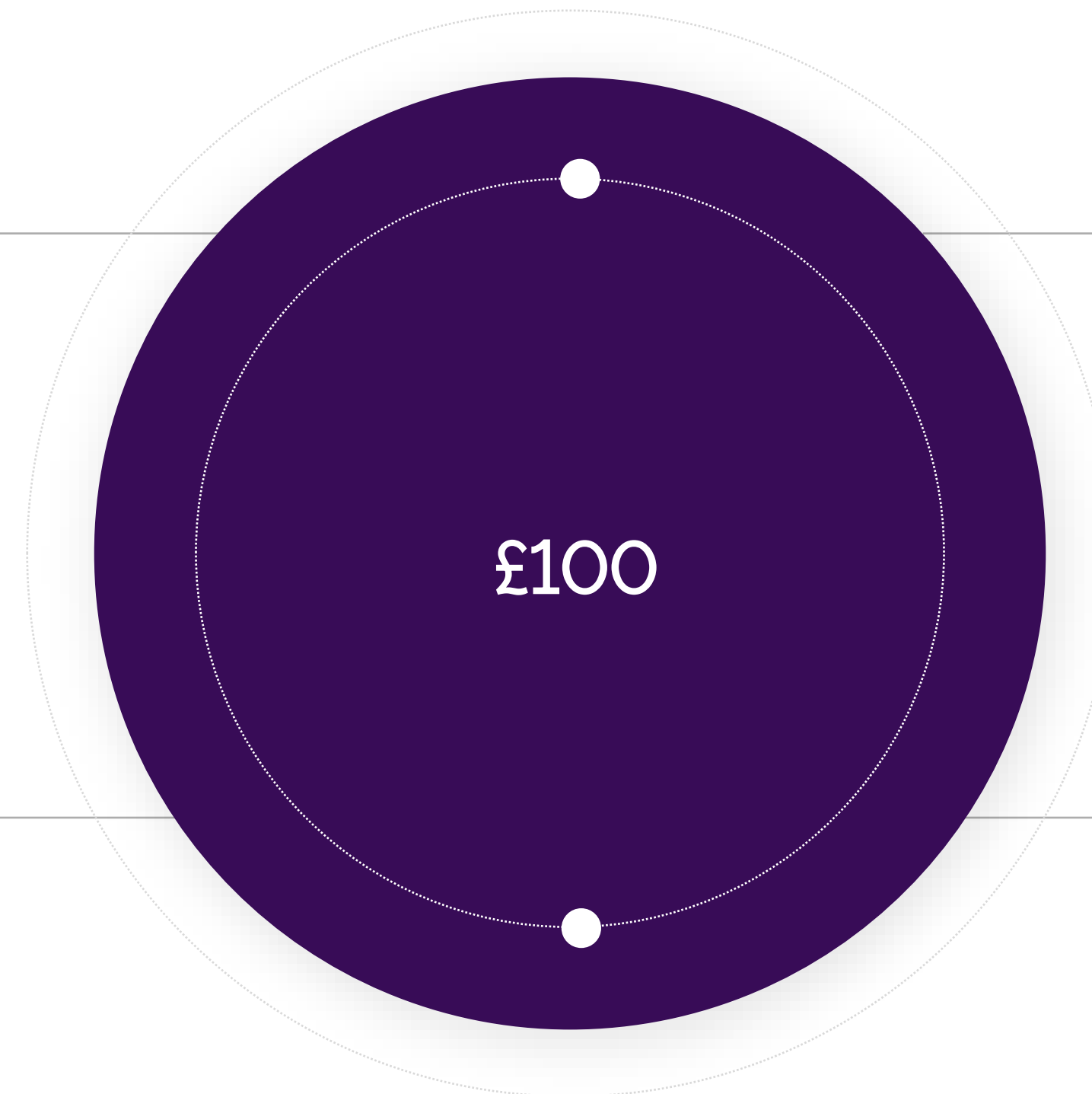
£60

Income £100k-£125k

£40

Additional rate tax payer

£55



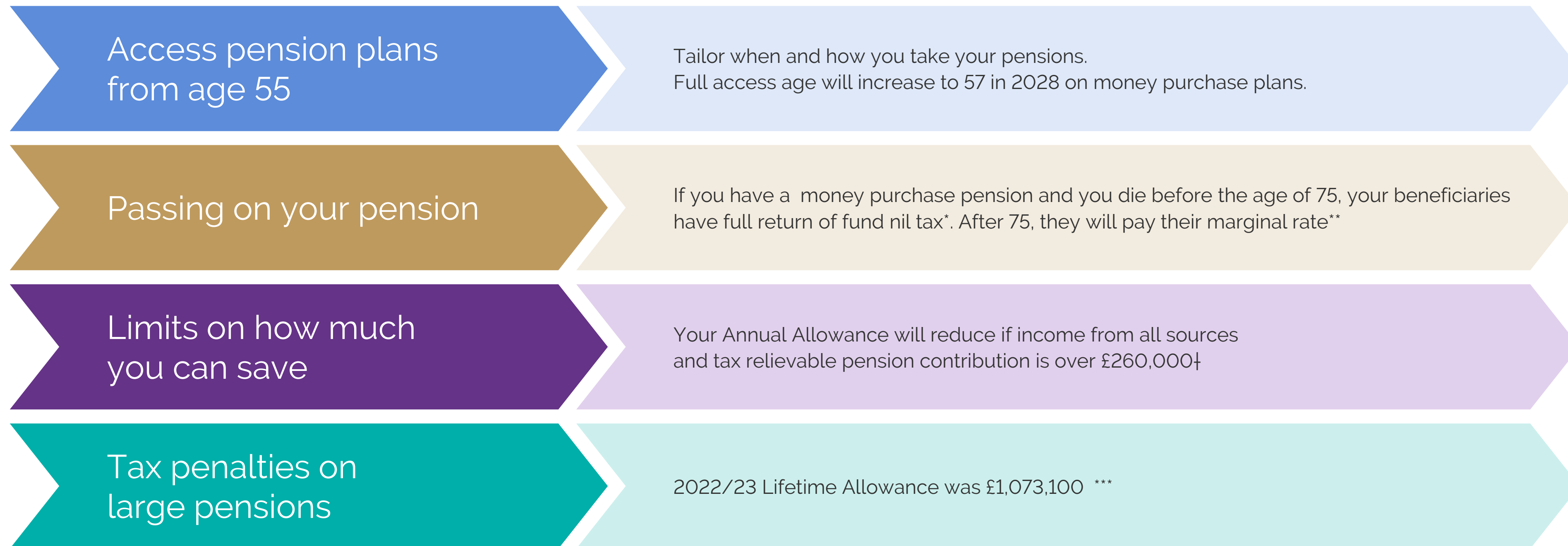
Examples of how tax or tax relief may apply are based on our understanding of current tax legislation. Whether any tax will be payable, at what level it is charged and whether you qualify for tax relief will depend upon individual circumstances and may be subject to change in the future. Tax relief is not available after age 75.

The figures above show the net of tax cost of a £100 gross contribution



Your pension, your way

More freedom, more choice, more complexity



*Assuming there is sufficient LTA remaining

**Different rules could apply to final salary schemes and state pension differs;

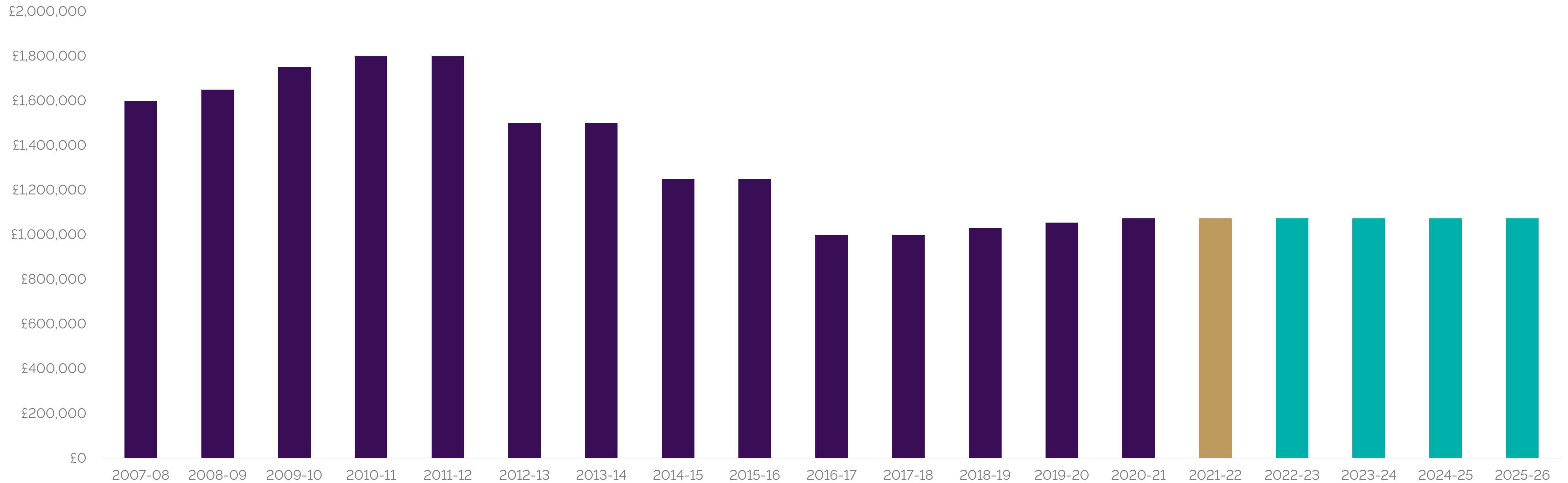
‡ Based on every £2 earned above £260,000, the total contribution allowance will be reduced by £1 (to a minimum of £10,000 for people earning over £360,000)

*** Unless you have applied for previous protection;



Lifetime Allowance

Why did the Lifetime Allowance become an issue?



This illustrates the position prior to spring budget 2023



Labour pledge to reverse the Budget LTA changes

Some post-Budget thoughts

The only permanent tax giveaway ... was for people who can save more than £1mn into their pensions while ordinary voters see their taxes go up. That would not be my priority.

Rachel Reeves, Shadow Chancellor*

Whatever you think of inheritance tax, a situation where the tax system treats pensions more favourably as an inheritance vehicle than as a means of providing income in retirement is bizarre.

Isaac Delestre, Economist at The Institute for Fiscal Studies*

If I was in this position as an individual and I thought that the next government might put the limit back in, I'd fill my boots in the next two years, have a bit of a gold rush, and then crystallise on the eve of the general election.

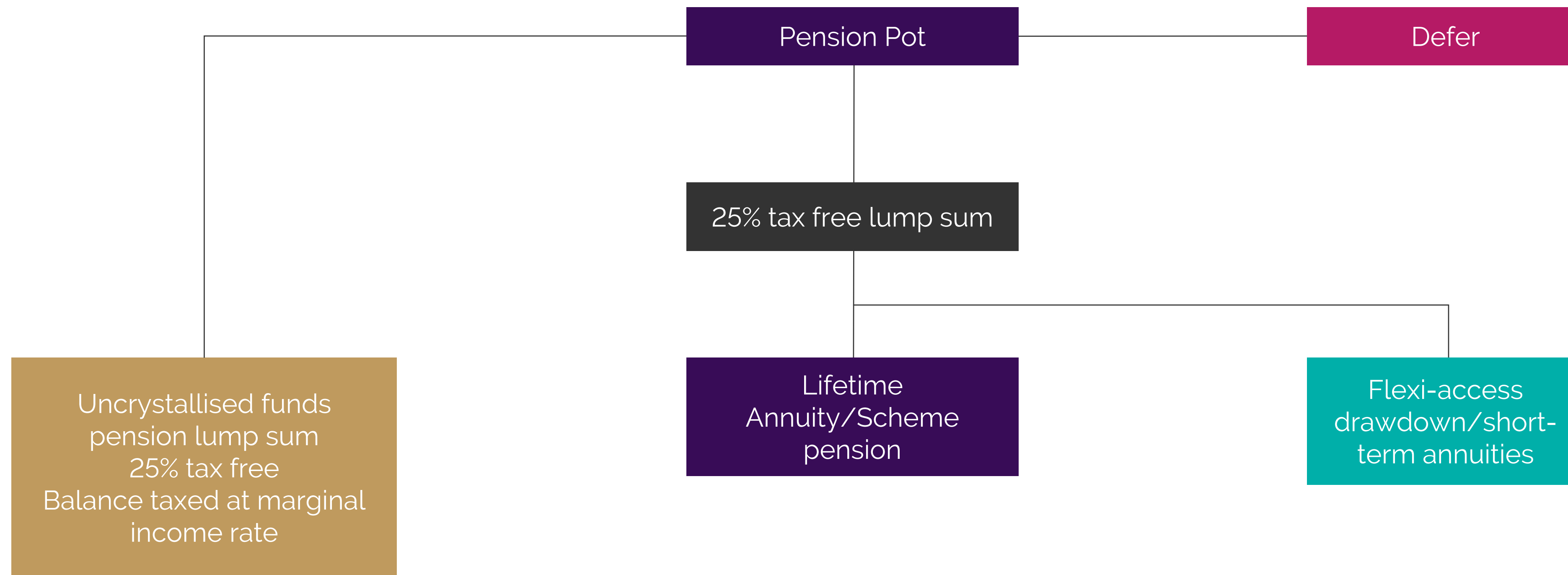
Steve Webb, former Pensions Minister**

* The Observer, 19 March 2023

** Financial Times, 16 March 2023



Your choices at retirement* - what's right for you?



*Money Purchase arrangements

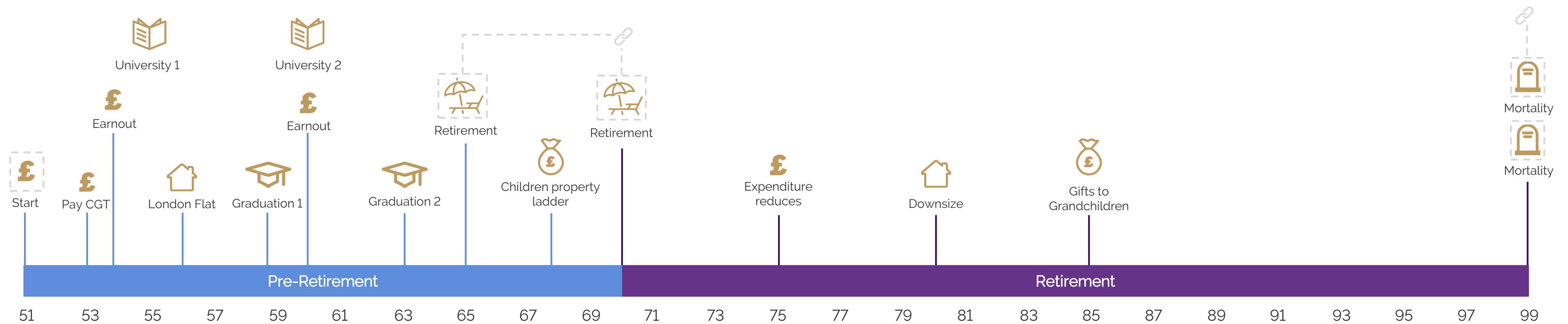
Retirement Income Planning



Know where you are going

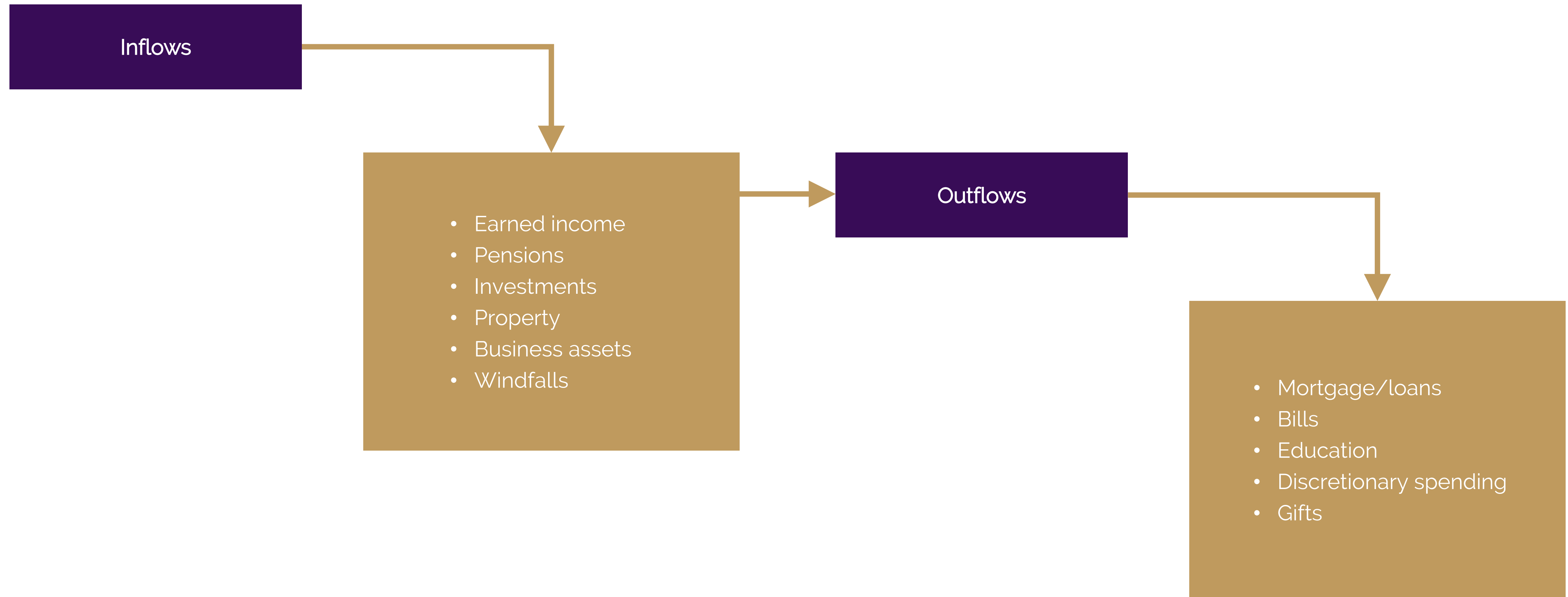
We take time to get to know you and help to define your aspirations

- Clearly defined goals and objectives
- A roadmap of financial future
- Understanding what lies ahead
- Having a documented plan in place provides clarity and increases the likelihood of it happening





What goes into the analysis?





Case study – cashflow planning

Client



- Married, aged 66 and 64
- Main Residence – valued at £1.4m with £370,000 outstanding mortgage
- Pension and Investments - £1.1m
- Estimated net proceeds from sale of business - £2m, (£1.33m in year 1 and £0.66m in year 2)

Objectives

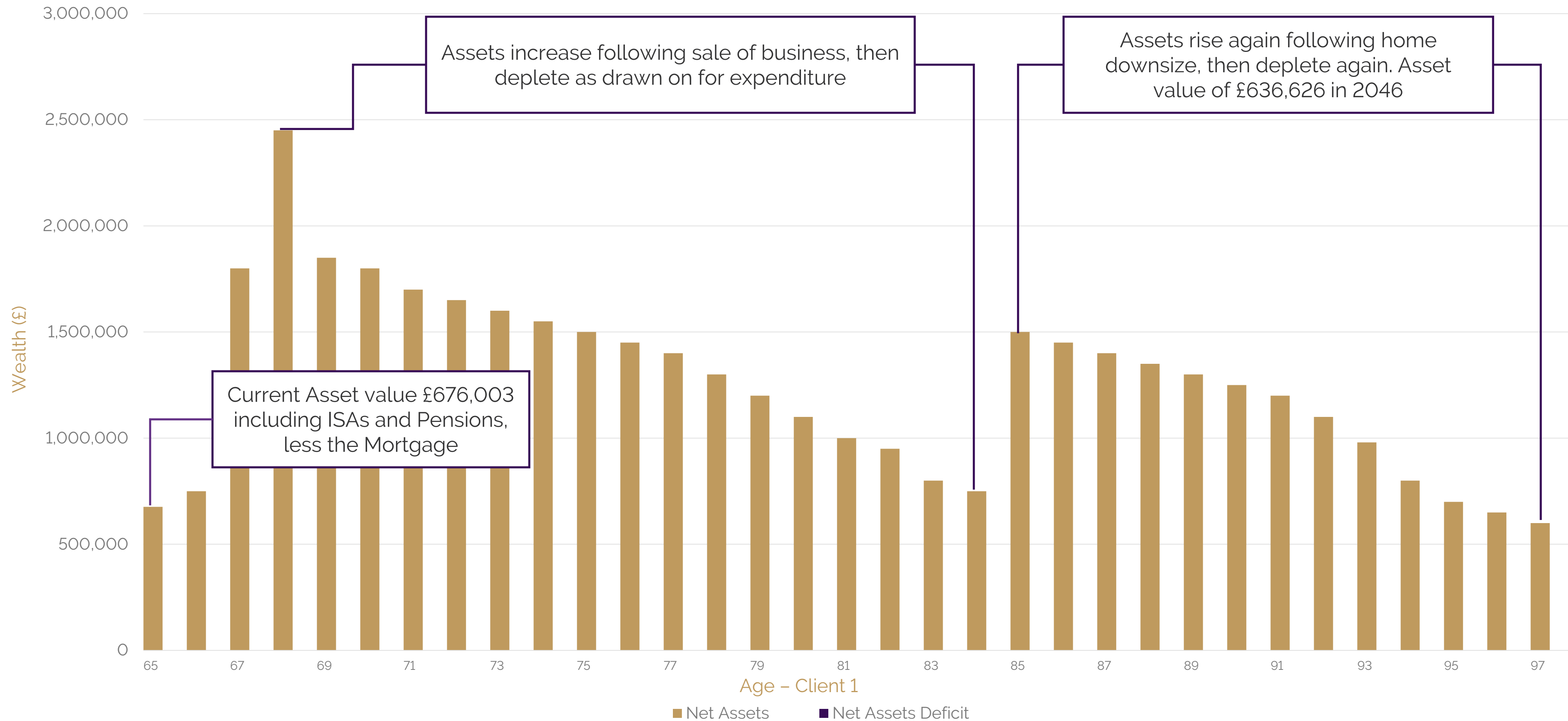


- Retirement expenditure:
 - £90,000 p.a. to 85
 - then £75,000 p.a. to 90
 - then £94,000 p.a. to 97 (Partner in nursing home)
- Gifting £300,000 to daughters next year
- Buy holiday home for £500,000
- Downsize home at 85 and release £600,000



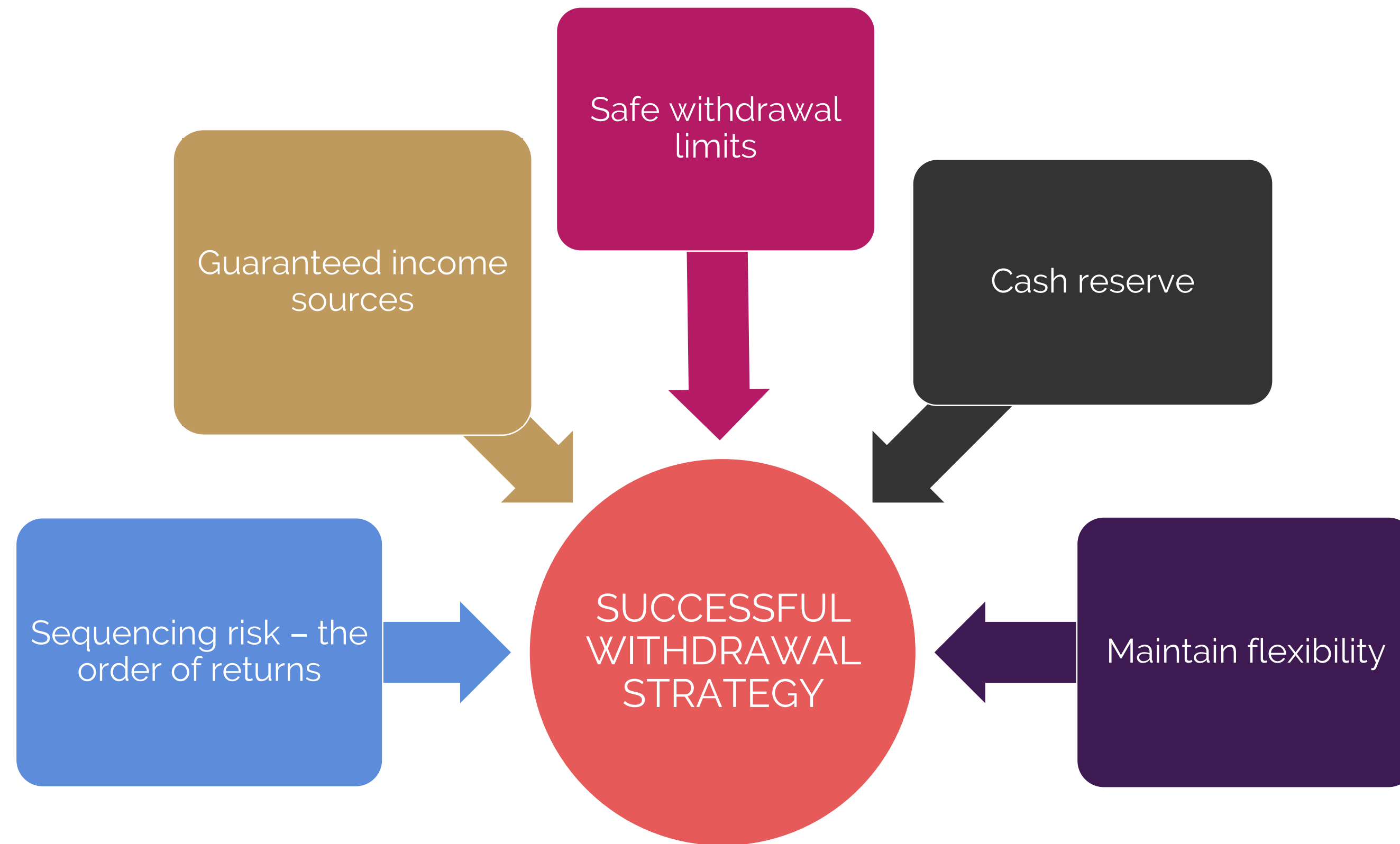
Case study - cashflow planning

Impact on Capital



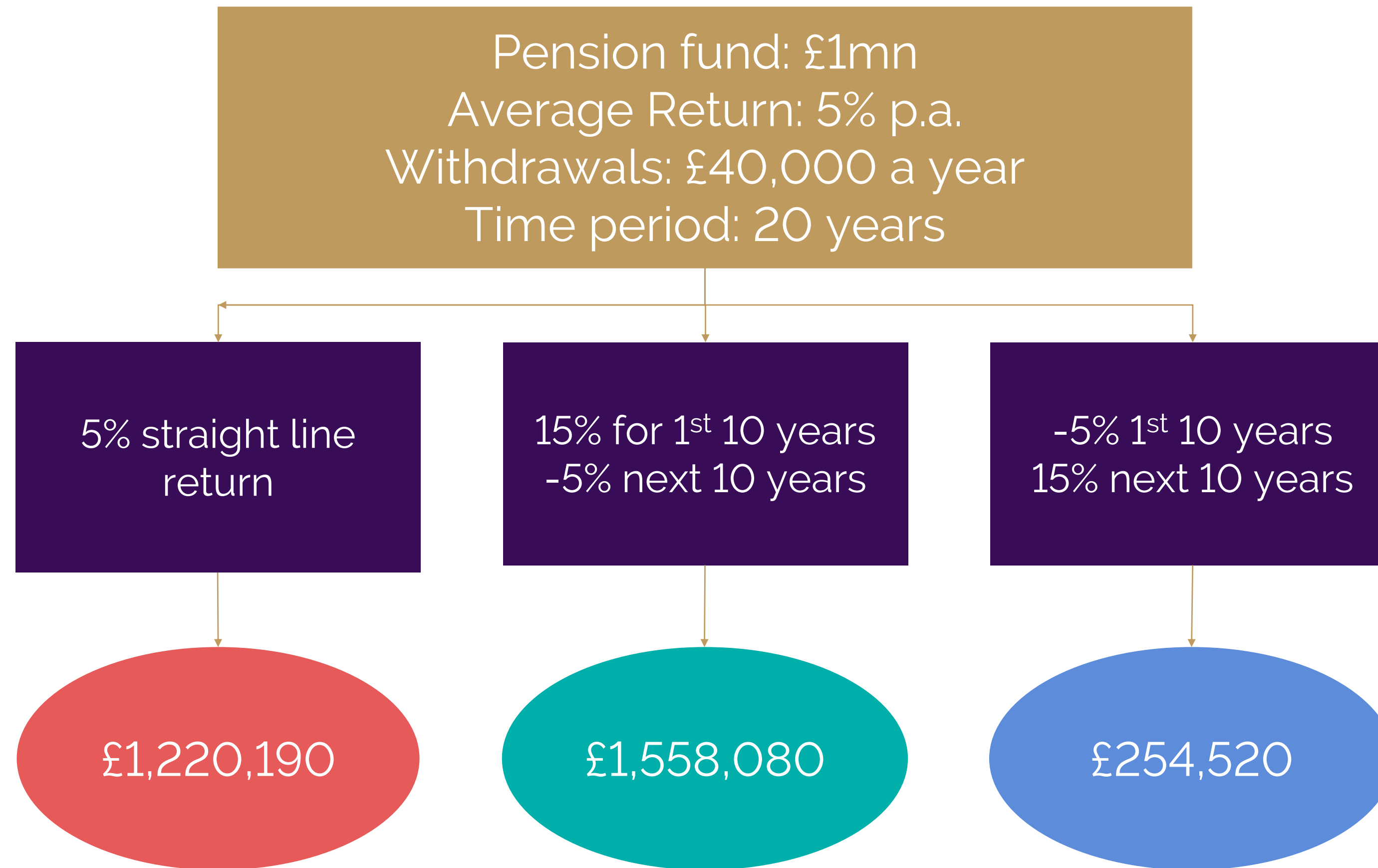


Creating investment sustainability





Sequencing risk in practice



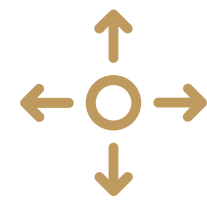
The value of investments can go down and you can get back less than invested.

Source: Evelyn Partners based on gross annual income drawdowns. For illustrative purposes only. This the return after withdrawals



Establish the right investment risk profile

5 components of a risk profile



Capacity for loss

How will my life be affected if my investments fall in value?



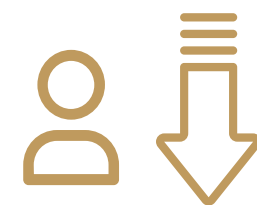
Need to take risk

How much risk do I need to take to achieve my goals?



Tolerance to risk

How much risk am I comfortable with?



Risk of personal loss

How would my life change if the worst were to happen?



Your time horizon

How long will I be investing for?

Tax Planning Considerations



Who pays income tax?

Tax year	Top 1% of income tax payers	Top 10% of income tax payers	Top 50% of income tax payers
1978/79	11%	35%	82%
2023/24	29%	60%	90%

Only 57%
Of the adult population pay income tax!

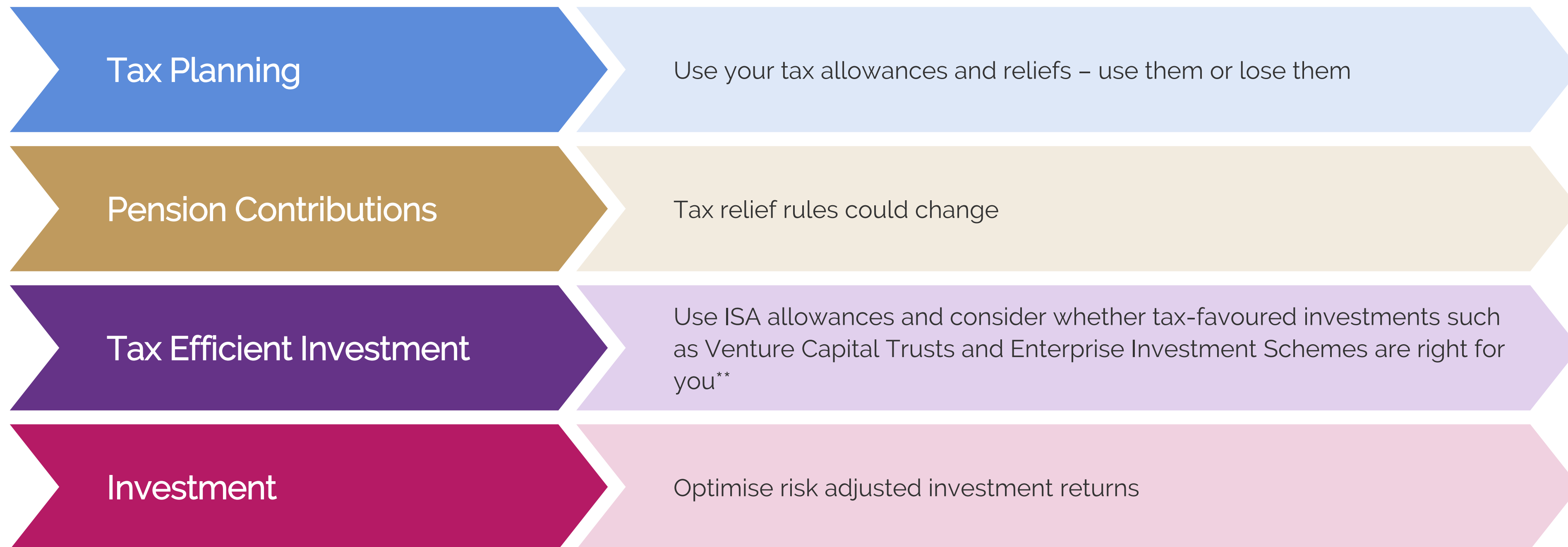
Source – Institute of Fiscal Studies, A Survey of the UK tax system, November 2016 and www.gov.uk, National Statistics, table 2.4, June 2023



Tax Planning Considerations

Government Debt exceeds £2tn

'Today's figures are a stark reminder that we must return our public finances to a sustainable footing over time, which will require taking difficult decisions'*



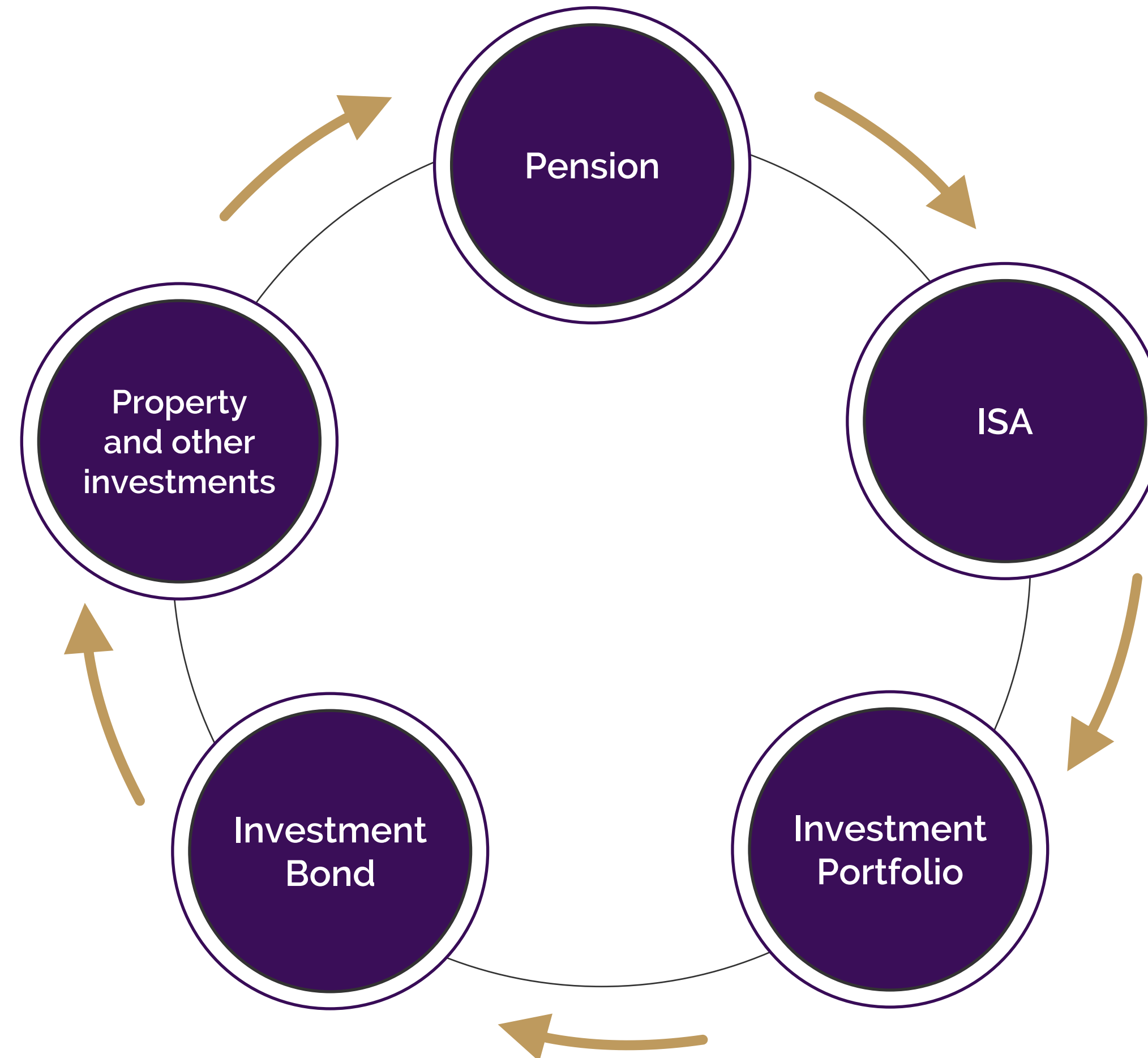
*Rishi Sunak, 21 August 2020

Investment carry risk – you may get back less than invested. VCTs and EISs are higher risk investments that aren't suitable for all investors. Please see the Important information at the end of this presentation for the risks



Tax-efficient planning

In times of low interest rates and low growth, it's vital to make the most of every pound earned or saved





Example case study: Mrs Anne Smith (retired)

INCOME AND CAPITAL 2022/23

Asset type / wrapper	Total value	Drawings	Tax treatments	Tax paid
Pension fund (Taxable income withdrawals)	£450,000	£12,570	Offset against personal allowance of 12,570	NIL
Pension tax-free lump sum	£150,000	£10,000	Tax free	NIL
ISA portfolio	£275,000	£8,150	Tax free	NIL
Non-ISA investments	£250,000	£2,000	Offset against tax-free dividend allowance of £2,000	NIL
Non-ISA investments (Capital withdrawals)	In above	£22,000	The sale will realise capital gains of around £12,300 which will be offset against CGT allowance	NIL
Investment bond	£300,000	£15,000	Tax deferred	NIL
Cash investments	£75,000	£1,000	Offset against savings allowance of £1,000	NIL
Total	£1,500,000	£70,720		NIL

For illustrative purposes only. Tax rates and allowances depend on individual circumstances and are subject to change



Example case study: Mrs Anne Smith (retired)

INCOME AND CAPITAL 2023/24

Asset type / wrapper	Total value	Drawings	Tax treatments	Tax paid
Pension fund (Taxable income withdrawals)	£450,000	£12,570	Offset against personal allowance of 12,570	NIL
Pension tax-free lump sum	£150,000	£10,000	Tax free	NIL
ISA portfolio	£275,000	£8,150	Tax free	NIL
Non-ISA investments	£250,000	£1,000	Offset against tax-free dividend allowance of £1,000	NIL
Non-ISA investments (Capital withdrawals)	In above	£10,730	The sale will realise capital gains of around £6,000 which will be offset against CGT allowance	NIL
Investment bond	£300,000	£15,000	Tax deferred	NIL
Cash investments	£75,000	£1,000	Offset against savings allowance of £1,000	NIL
Total	£1,500,000	£58,450		NIL

For illustrative purposes only. Tax rates and allowances depend on individual circumstances and are subject to change



Example case study: Mrs Anne Smith (retired)

INCOME AND CAPITAL 2024/25

Asset type / wrapper	Total value	Drawings	Tax treatments	Tax paid
Pension fund (Taxable income withdrawals)	£450,000	£12,570	Offset against personal allowance of 12,570	NIL
Pension tax-free lump sum	£150,000	£10,000	Tax free	NIL
ISA portfolio	£275,000	£8,150	Tax free	NIL
Non-ISA investments	£250,000	£500	Offset against tax-free dividend allowance of £500	NIL
Non-ISA investments (Capital withdrawals)	In above	£5,370	The sale will realise capital gains of around £3,000 which will be offset against CGT allowance	NIL
Investment bond	£300,000	£15,000	Tax deferred	NIL
Cash investments	£75,000	£1,000	Offset against savings allowance of £1,000	NIL
Total	£1,500,000	£52,590		NIL

For illustrative purposes only. Tax rates and allowances depend on individual circumstances and are subject to change



What Makes a Successful Retirement Plan?

- ✓ Remember that retirement is a journey not a destination
- ✓ Define your goals
- ✓ Use Lifetime Cashflow Planning to see the bigger picture
- ✓ Carefully consider current and future expenditure
- ✓ Have a variety of types of investment
- ✓ Use your tax allowances wherever prudent to do so
- ✓ Pensions are highly tax efficient for many people
- ✓ Point of retirement advice is crucial
- ✓ Review things on a regular basis

Important information

FINANCIAL PLANS | INVESTMENTS | TAXES

Nothing in this webinar is intended to constitute advice or a recommendation and you should not take any investment decision based on its content.

This information is for UK residents only

Tax efficient investments, such as VCTs and EISs, should be regarded as higher risk investments. They are designed for UK resident taxpayers who can benefit from the tax reliefs associated with the particular investment product, who can tolerate the potential total loss of their investment and who have no need for their capital for the duration of the investment.

All tax reliefs are subject to change, investments may lose their qualifying status, and whether you qualify for tax relief will depend on your personal circumstances and these may change in the future.

The value of Tax advantaged investments, and any income from them, can go down as well as up and you can get back less than you originally invested.

Any decision to invest should only be made on the basis of the relevant prospectus or investment memorandum and you must carefully consider the risk warnings contained in the product literature.

Advice in relation to inheritance tax planning is not regulated by the Financial Conduct Authority, however, the products used to mitigate tax may be regulated.

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Questions and Follow up



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where you can request a call back, book an appointment or send

us an email or call on 0207 189 2400.

Thank you

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