

# Pension Planning



“A combination of improved health care, longer life expectancy and for many people a younger retirement age, means that retirement can extend well beyond 20 healthy years”

What do you expect from a pension when you retire?

Do you think your pension will be adequate when you retire? Reviewing your pension may not show this is the case.

Many people believe that their retirement is taken care of simply because they have a personal pension or pay into a company scheme. This may be the case but for many it simply isn't. It is not that there is anything wrong with their pension plan. The problem usually can be attributed to the amount paid into the scheme or the length time planned for. For some this will mean retirement income won't be sufficient to ensure a comfortable lifestyle.

#### What are the facts?

- If you're 20 and put off your pension plans by 10 years, you'll lose half of your eventual retirement cash. The sooner you start, the better off you'll be.
- The average income for retired couples today is a fifth below what is required. State pensions are forecast to decline even more.

The answer is to plan well ahead and to constantly review your financial situation. In an ideal world your pension fund should be established in your twenties and well matured by the time you are in your forties or fifties.

Unfortunately, this is not always possible and many people leave the decision until their forties or even later, before they leap into action. If only they realized that as a broad rule of thumb, the cost of raising a pension double every five years.

In many cases, people passively accept whatever pension is available, being forced to cut back when they retire as they adjust to the lower income level, which they have not always anticipated.

A more positive approach should be taken, by working out the level of income you think you will need when you retire and make this your target for the future.

This positive step does mean a constant review of your finances and can include the occasional financial sacrifice.



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## So how much income will you need when you retire?

As your earnings rise over the years, so do your expectations. A good occupational scheme sets a target of two thirds of final salary, which is the maximum allowed by the tax-man. Although by the time you retire, your expenses should have dropped, peoples expectations of retirement have increased – a time to relish.

A combination of improved health care, longer life expectancy and for many people a younger retirement age, means that the golden years of retirement can extend well beyond 20 healthy years. All the more reason to make sure that you have the cash to enjoy life.

The need for today's working population to assess it's pension arrangement is heightened by the projected decrease in state benefits. The demographic time bomb shows that the percentage of the population aged over 65 will increase from 16% now to over 23% in 2031. Put another way the ratio of people of working age to those of pension age will decline from 3.3 to 2.9. Therefore, the welfare state will not be sufficiently funded for us to rely on it for much more than pocket money.

It is the government's declared policy to allow people to be in control of their own pension destiny. They want as many people as possible to rely on occupational and personal pensions rather than the state.

The very fact that your pensionable future is in your own hands should give you plenty of incentive to prepare well in advance. There are thousands of pension possibilities, with the government encouraging personal pension planning through a variety of tax incentives. We at Mardons can give you unbiased, independent advice on the many choices and different investment options available.

You can save for retirement through two ways: by joining a company scheme set up by the company you work for, or by paying into your own personal plan when an occupational scheme is not available. A financial review will help to advise you how to add to your company scheme with AVCs (Additional Voluntary Contributions) or FSAVCs (Free Standing Additional Voluntary Contributions) should you want to – some of which will probably be eligible for full tax relief at your highest rate. For those in non-pensionable employment, or the self-employed, information on investment into personal pension plan is available with Mardons – advising on the many product providers, pension funds, and flexibility of contracts.



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## **Pensions in plain English:**

Your circumstances will determine what pension plan you make. Are you self-employed? Are you starting your first job? Do you need to make a decision over SERPS membership? Do you require a degree of flexibility? Mardons will explain all the options, help you understand the different tax advantages, and recommend a pension that is right for you.

## **Some questions to ask us:**

1. How much will my current pension arrangement be worth when I retire?
2. If I need more, how can these be supplemented?
3. Which companies would you recommend and why?
4. What happens if I lose my job or can't make a payment?
5. What happens to my pension fund if I die?

Whatever your circumstances, whether you are employed or self-employed, our independent financial advice will help you determine the right pension for you.

Establishing the premium level to suit your finances, explaining tax benefits of pension investment, discussing the annual contribution limits set by the Inland Revenue, Mardons' Advisers are suitably qualified to discuss all the details with you.

Call now on **01743 285777**

and speak to one of our specialist advisers or  
email us [pensions@mardons.co.uk](mailto:pensions@mardons.co.uk)



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