



THORNTONS WEALTH

NAVIGATING THE COMPLEXITIES OF INHERITANCE

Should you consider estate planning and gifting for future generations?

AUTUMN BUDGET STATEMENT 2024

*What it could mean
for your finances*

TIME TO REVISIT YOUR RETIREMENT PLAN?

*Helping you feel more prepared for
this stage of your life*

THE COST OF EARLY WITHDRAWAL FROM YOUR PENSION

*How retirees are impacting their financial
future by accessing pension pots too soon*

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Thorntons Wealth is a trading name of Thorntons Investment Management Ltd (SC438886) and Thorntons Wealth Management Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. The companies are authorised and regulated by the Financial Conduct Authority.



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WELCOME TO THE LATEST ISSUE OF THORNTONS WEALTH MAGAZINE.

Welcome to the September 2024 issue of Thorntons Wealth's monthly e-zine newsletter. As we age or accumulate more wealth, protecting and preserving our assets for future generations becomes increasingly essential. This process, known as Inheritance Tax (IHT) planning, estate planning or intergenerational wealth planning, involves strategically managing your estate to minimise tax liabilities and ensure that your wealth is passed down to your loved ones in the most tax-efficient manner possible.

On 30 October, Chancellor of the Exchequer Rachel Reeves will deliver the Autumn Budget Statement 2024, accompanied by a comprehensive fiscal statement from the Office for Budget Responsibility (OBR). This significant event comes as the new government, elected to boost economic stability and growth, takes its first important step in addressing the nation's financial health.

If you are in your 40s or 50s, you have likely contributed to a pension for quite some time. Over the years, you may have accumulated multiple employer workplace pensions. However, when did you last thoroughly examine your pension and retirement strategy? Having a documented retirement plan can help you feel more prepared for this stage of your life, ensuring you have a sufficient income when you stop working.

More than three-quarters (78%) of retirees have already dipped into their pension pots by the time they retire, according to recent data. Of these, more than half (52%) withdraw funds five years before their Selected Retirement Age (SRA), with 21% opting to start taking out funds nine to ten years before they retire. This trend

highlights a significant shift in retirement planning behaviours, where immediate financial needs or desires often outweigh the long-term benefits of leaving pension funds untouched.

Balancing the many responsibilities of motherhood can be overwhelming, often pushing long-term financial planning onto the back burner. However, effective financial planning is essential for everyone, and as a mother, you face unique challenges that require extra attention. We look at some key financial planning steps to help you take control and secure your family's future.

We hope you enjoy this issue and find the articles featured interesting. You can also forward this e-zine newsletter to someone else you know who would like to receive a complimentary copy.

Best Wishes,

Thorntons Wealth

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change, and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results.

NAVIGATING THE COMPLEXITIES OF INHERITANCE

Should you consider estate planning and gifting for future generations?

AS WE AGE OR ACCUMULATE MORE WEALTH, PROTECTING AND PRESERVING OUR ASSETS FOR FUTURE GENERATIONS BECOMES INCREASINGLY ESSENTIAL. THIS PROCESS, KNOWN AS INHERITANCE TAX (IHT) PLANNING, ESTATE PLANNING OR INTERGENERATIONAL WEALTH PLANNING, INVOLVES STRATEGICALLY MANAGING YOUR ESTATE TO MINIMISE TAX LIABILITIES AND ENSURE THAT YOUR WEALTH IS PASSED DOWN TO YOUR LOVED ONES IN THE MOST TAX-EFFICIENT MANNER POSSIBLE.

Effective planning can significantly impact the financial wellbeing of your heirs, making it crucial to consider various strategies and tools available for safeguarding your estate.

One common question we receive from clients is whether to gift assets during their lifetime or wait until they have passed away. The answer is more complex and heavily depends on your personal and financial circumstances and objectives. Gifting can provide immediate support to family members and potentially reduce your estate's size, lowering the IHT burden.

However, careful consideration must be given to the gifts' timing, amount and recipients to ensure that they align with your long-term goals and comply with tax regulations. Understanding these nuances is essential in making informed decisions that will benefit you and your loved ones.

UNDERSTANDING INHERITANCE TAX

When you pass away, IHT is potentially payable to HM Revenue & Customs (HMRC).

The amount due depends on the estate's value minus any debts and after all available thresholds have been used. These thresholds are the nil rate band (NRB) and the residence nil rate band (RNRB). At a high level, the NRB is £325,000, and the RNRB is £175,000, the latter of which is only available if you leave your home to a direct descendant. The standard rate of IHT due to HMRC on amounts over these thresholds is 40%. This reduces to 36% if at least 10% of your net estate is left to charity.

WHY DO WE GIFT?

We gift for two common reasons: We want to help our family and loved ones now, when they need it, and whilst we can see them enjoy it, as opposed to when we have passed away. This is often called a 'living inheritance'. Additionally, we may have a large estate and wish to reduce its value so that our beneficiaries pay less or no IHT when we pass away.

HOW MUCH CAN YOU GIFT?

In short, you can gift away however much you want to whoever you like and whenever

you like. If these gifts fall within the 'annual gift allowances' or are made from your regular surplus income, they automatically fall outside your estate for IHT tax purposes. Otherwise, you must survive seven years after making the gift before the gift is excluded from IHT tax calculations.

THE IMPACT OF SEQUENCING GIFTS

The sequencing of gifts can significantly impact the wealth you want to pass on. In addition to the seven-year rule, there is the less well-known 14-year rule. Giving a gift outright to an individual and/or Absolute/Bare Trust in excess of the annual allowances is known as making 'Potentially Exempt Transfers' or PETs.

POTENTIALLY EXEMPT TRANSFERS AND THEIR USES

For example, a common reason for making a PET might be to help a child onto the property ladder. To ensure the gift is outside of your estate for IHT tax purposes, you need to survive seven years from when



the gift is made. If the PET is more than the NRB (£325,000), there is gradual tapering on the excess once you have survived for over 3 years. The longer you survive after making the gift (between 3 and 7 years), the greater the tapering.

CHARGEABLE LIFETIME TRANSFERS

Should you settle any money into a relevant property trust, such as a Discretionary Trust, these gifts are known as 'Chargeable Lifetime Transfers' or CLTs. An example of such a settlement might be grandparents wanting to pass money down to their grandchildren. A common reason for this may be that their children already have a large estate, so if they were to inherit any more, it would be unhelpful for their IHT position.

COMPLICATIONS IN GIFT ORDER

Complications may arise when an individual has passed away and has made both PETs and CLTs. This is because the order of these gifts can result in bringing 14 years' worth of gifts into the IHT calculation. When considering which gifts are liable to IHT, the gifts are placed in the order they were made, starting with the oldest and moving towards the date of death.

HMRC RULES ON FAILED PETS

HMRC rules are such that any CLTs made in the seven years before any 'failed PETs' must also be brought into account. If an individual makes a PET and dies within 6 years and 11 months, the PET fails. From the 'failed PET' date, HMRC will look back a further seven years and include any CLTs in their calculation to determine the IHT due on the PET.

ANNUAL GIFTING ALLOWANCES

Under current legislation, everyone can gift away £3,000 per year. This is called your 'annual exemption'. Any unused allowance can be carried forward to the following tax year; however, it cannot be carried over again. There is also a wedding allowance of varying amounts depending on the relation, which must be made before the wedding, and the wedding must happen: £5,000 to a child, £2,500 to a grandchild, £1,000 to a relative or friend. Wedding gifts can be combined in the same year with the annual exemption.

SMALL GIFTS ALLOWANCE

You can also make gifts of up to £250 to as many different people as you like, as long as the person has not received more than £250 from you that tax year. ■

DO YOU REQUIRE INFORMATION OR PERSONALISED ADVICE ON GIFTING AND INHERITANCE TAX PLANNING?

For those seeking further information or personalised advice on gifting and Inheritance Tax planning, please do not hesitate to contact us for expert guidance tailored to your specific circumstances.

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THE FINANCIAL CONDUCT AUTHORITY DOESN'T REGULATE TRUST PLANNING AND MOST FORMS OF INHERITANCE TAX (IHT) PLANNING. SOME IHT PLANNING SOLUTIONS PUT YOUR MONEY AT RISK, AND YOU MAY GET BACK LESS THAN YOU INVESTED. IHT THRESHOLDS DEPEND ON INDIVIDUAL CIRCUMSTANCES AND THE LAW. TAX AND IHT RULES MAY CHANGE IN THE FUTURE.

AUTUMN BUDGET STATEMENT 2024

What it could mean for your finances

ON 30 OCTOBER, CHANCELLOR OF THE EXCHEQUER RACHEL REEVES WILL DELIVER THE AUTUMN BUDGET STATEMENT 2024, ACCOMPANIED BY A COMPREHENSIVE FISCAL STATEMENT FROM THE OFFICE FOR BUDGET RESPONSIBILITY (OBR). THIS SIGNIFICANT EVENT COMES AS THE NEW GOVERNMENT, ELECTED TO BOOST ECONOMIC STABILITY AND GROWTH, TAKES ITS FIRST IMPORTANT STEP IN ADDRESSING THE NATION'S FINANCIAL HEALTH.

The Autumn Budget will outline the government's economic strategy, providing insights into their taxation, public spending and fiscal policy plans. It will be a critical indicator of the government's approach to managing the economy, aiming to foster an environment conducive to sustainable growth.

BALANCING THE NATION'S BOOKS

The new government has faced the challenge of assessing the state of public spending and has identified a significant spending gap in the nation's finances. This gap underscores the complexities of balancing the nation's books while striving to implement growth-oriented policies. The Autumn Budget will likely address these

challenges head-on, proposing measures to stimulate economic activity while ensuring fiscal responsibility.

The outcomes of this Autumn Budget will have far-reaching implications, potentially influencing everything from tax rates and public services to business investment and consumer confidence. As such, it is a pivotal moment that will shape the economic landscape in the months and years ahead.

ECONOMIC STABILITY AND GROWTH

Following an ambitious King's Speech, the new government's first budget will seek to announce initiatives for growth alongside the activation of plans to balance the books across the spectrum of personal and

business taxes and employment policy. But what could the new Labour government mean for your finances?

Prime Minister Starmer's Labour manifesto emphasised wealth creation. The manifesto aimed to grow the economy and 'keep taxes, inflation and mortgages as low as possible'. To fulfil those plans, Labour may have to make changes that could affect taxes, allowances, and various investment schemes and rules. Given the pledges made in the manifesto, doing so may prove challenging.

PLEDGES AND CHALLENGES

Although the manifesto is not legally binding, it best indicates Labour's government plans. Here, we highlight what the pledges could mean for your finances.

PENSIONS

Ahead of launching its manifesto, Labour announced that it would drop plans to reintroduce the lifetime allowance, a cap on how much people can save into their pensions before paying tax. Importantly, Labour committed to upholding the pensions 'triple lock', which ensures that the State Pension will continue to increase yearly in line with the highest of three factors: wage growth, inflation or a minimum of 2.5%. This policy is designed to protect the purchasing power of retirees and ensure they can maintain a stable standard of living in retirement.

In the Autumn Budget, there are rumours the Chancellor could look to change pension tax relief, with speculation that this might be one of her targets. One option for Reeves is to cut pension tax relief to 20%. This would be no change for basic rate taxpayers. But it would be a considerable reduction for higher and additional rate taxpayers, who receive 40% and 45% relief on some or all of their pension contributions.

However, further clarity on the scope of this and the challenges they are looking to address has yet to be made available. In the meantime, making the most of all your pension allowances is essential to build your financial resilience in retirement.

INHERITANCE TAX

Although Inheritance Tax has been widely discussed recently, it was a noticeable absence from the Labour manifesto. It contained no comments on future Inheritance Tax rates or reliefs (such as Business and Agricultural Relief).

VAT

The Labour manifesto confirmed that it intended to introduce VAT on private school fees and will end business rates relief for the schools, with such measures

estimated to raise around £1.5bn for the government. The delay until 2025 gives families additional time to consider their options and improve their planning. Families typically have a finite number of financial planning options that can be used to meet additional expenditures, namely reducing other expenditures, increasing earnings, targeting higher returns (with the additional risk that comes with this), looking to borrow and gifting from relatives.

INCOME TAX

Whilst Labour had pledged not to increase taxes on working people (including Income Tax at the basic, higher and additional rates), this does not preclude utilising fiscal drag to increase Income Tax revenues. Fiscal drag occurs when inflation and income growth push taxpayers into higher tax brackets, which will remain frozen until at least 2028. This policy results in higher taxes for affected individuals, even though the tax rates themselves have not changed.

One area to watch could be taxes on dividend income. These have not been mentioned and may be outside the scope of the pledge as a non-working source of income with its own Income Tax rates. Moreover, Labour has pledged to reform the taxation of carried interest, which is a share of profits from a private equity, venture capital or hedge fund. The manifesto did not specify exactly how Labour would close the carried interest 'loophole', but the intent is clear: private equity is the only industry where performance-related pay is treated as capital gains. Labour will look to close this loophole.

CAPITAL GAINS TAX (CGT)

The Labour manifesto did not specifically mention CGT rates, and the party's senior figures have said that they have no plans to reform these rates – with the exception of their proposed policy on carried interest.

That said, future increases have not been ruled out entirely.

NATIONAL INSURANCE CONTRIBUTIONS

Labour supported the Conservatives' cuts to National Insurance in the 2024 Spring Budget, and its manifesto outlined a commitment not to raise current rates. However, Labour may utilise fiscal drag with frozen tax rates until 2028.

As the 30 October Autumn Budget approaches, individuals and families should take proactive steps to manage their personal finances. Anticipating potential changes and being prepared can significantly affect one's financial wellbeing.

Remember, proactive planning is key to financial stability and peace of mind. Don't wait until the last minute – take action now to secure your financial future. ■

WANT EXPERT ADVICE ON HOW TO PREPARE FOR THE UPCOMING AUTUMN BUDGET?

To discuss the potential impacts of the upcoming Autumn Budget on your finances, we can provide tailored advice and help you navigate any changes that might affect your tax liabilities, pension contributions or investment strategies. If you need further guidance or personalised advice, please don't hesitate to contact us.

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TIME TO REVISIT YOUR RETIREMENT PLAN?

Helping you feel more prepared for this stage of your life

IF YOU ARE IN YOUR 40S OR 50S, YOU HAVE LIKELY CONTRIBUTED TO A PENSION FOR QUITE SOME TIME. OVER THE YEARS, YOU MAY HAVE ACCUMULATED MULTIPLE EMPLOYER WORKPLACE PENSIONS. HOWEVER, WHEN DID YOU LAST THOROUGHLY EXAMINE YOUR PENSION AND RETIREMENT STRATEGY?

Having a documented retirement plan can help you feel more prepared for this stage of your life, ensuring you have a sufficient income when you stop working. Here, we explore several factors to consider when reviewing your savings. If you don't yet have a plan, in this article, we consider a helpful starting point.

REVISIT YOUR RETIREMENT PLAN

It's always a good idea to reassess your plan to ensure you're on track to achieve the retirement income and lifestyle you desire. Priorities and circumstances can change, necessitating adjustments to your plan.

BEGIN BY ASKING YOURSELF THESE THREE KEY QUESTIONS:

HOW WOULD YOU LIKE TO SPEND YOUR RETIREMENT?

Consider what you'd like to do during your retirement to help determine how much money you'll need. Whether

it's holidaying, investing more time in hobbies or starting a new business venture, it's crucial to account for everyday expenses such as rent or mortgage payments, household bills and food shopping. Additionally, it's wise to set aside savings for potential medical needs or home care as you age.

When planning your expenses, don't forget to factor in inflation. Prices tend to increase over time, so having an extra financial cushion can be beneficial.

WHEN WOULD YOU LIKE TO RETIRE, AND FOR HOW LONG?

Is the age you'd like to retire still the same, or has it changed? With life expectancy increasing, you'll need to consider how much money you'll need throughout your retirement. Dividing the total figure into an annual salary, followed by a monthly income, will help you determine if your savings are sufficient.

Consider how you'll access your retirement income. Different options have

various terms and conditions that affect your take-home pay.

DEBT REPAYMENTS BEFORE RETIREMENT

If possible, set goals to pay off any debts before you retire. Clearing debts can provide peace of mind, as it's one less expense to worry about.

CHECK YOUR PENSION CONTRIBUTIONS

Your retirement fund could include workplace pensions, personal pensions, Individual Savings Accounts (ISAs), investments and the State Pension. When reviewing your pension pot, check the amount and track performance, and take action if necessary.

Consider the following when reviewing your pension pot:

- Review your workplace pension contributions. Can you afford to increase them, even slightly? Even small annual increases can make a significant difference over time.
- Check your employer's contributions. Many employers offer benefits such as matching increases in your contributions to your workplace pension.
- Keep track of all your pension pots to



avoid forgetting about them. Consider whether you want to keep working part-time or flexible hours, which will give you more time to improve your savings.

- Remember, the value of investments can fall as well as rise, and there are no guarantees. When you start drawing benefits, the value of your pension pot might be less than the total contributions made.

THE STATE PENSION AS AN INCOME SOURCE

The State Pension alone is unlikely to support your retirement. If you're eligible, the amount you receive will depend on your National Insurance contribution record. You can check your State Pension forecast on the government's website to see how much you could receive when you can claim it and if you can improve it.

UNDERSTAND YOUR RETIREMENT INCOME OPTIONS

From age 55 (57 from April 2028), you can access some or all of your pension benefits.

Personal circumstances, lifestyle and health will influence your right income option. Some contracts restrict your options, and there are tax implications to consider.

CONTROL OVER YOUR RELATIONSHIP WITH MONEY

Planning for retirement is a step towards improving your financial wellbeing. It's about how you feel regarding control over your financial future and your relationship with money. Focus on what makes your life enjoyable and meaningful now and in retirement. ■

WANT TO IMPROVE YOUR FINANCIAL WELLBEING?

Please get in touch with us if you require further information or assistance in planning your retirement. We're here to help you navigate your financial future with confidence.

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THE COST OF EARLY WITHDRAWAL FROM YOUR PENSION

How retirees are impacting their financial future by accessing pension pots too soon

MORE THAN THREE-QUARTERS (78%) OF RETIREES HAVE ALREADY DIPPED INTO THEIR PENSION POTS BY THE TIME THEY RETIRE, ACCORDING TO RECENT DATA⁽¹⁾. OF THESE, MORE THAN HALF (52%) WITHDRAW FUNDS FIVE YEARS BEFORE THEIR SELECTED RETIREMENT AGE (SRA), WITH 21% OPTING TO START TAKING OUT FUNDS NINE TO TEN YEARS BEFORE THEY RETIRE.

This trend highlights a significant shift in retirement planning behaviours, where immediate financial needs or desires often outweigh the long-term benefits of leaving pension funds untouched. Factors such as unexpected medical expenses, the desire to pay off debts or the need for additional income to support a particular lifestyle can drive retirees to access their pension savings earlier than planned.

CONSIDER THE TIMING OF PENSION WITHDRAWALS

The implications of early withdrawals are multi-faceted and can significantly impact retirees' financial security. By withdrawing funds early, retirees potentially miss out on the compound growth that could

have been achieved if the money had remained invested. This can result in a smaller pension pot during the later years of retirement when the need for financial stability is often greater.

Furthermore, early withdrawals may indicate insufficient financial planning or awareness about the benefits of delaying pension access. As people live longer and retirement periods extend, it becomes increasingly important for individuals to carefully consider the timing of their pension withdrawals to ensure they stay within their savings.

FINANCIAL IMPACT OF EARLY WITHDRAWALS

The data revealed that the average amount an individual withdraws by age 65 is

£47,000. Financial modelling shows how much that £47,000 could grow if invested for longer. If the money stayed invested from age 55 (when the member would have first been able to take benefits) for an additional five years, they would have £13,925 more on average by the time they reach 60.

That figure rises to £24,661 if it were to stay invested for ten years to age 65 – a rise of more than 50%; and to more than £38,000 if invested to age 70. A separate modelling exercise was conducted assuming that individuals claimed the maximum tax-free cash available at age 55, which currently stands at 25%, equivalent to £11,750.

MAXIMISING PENSION BENEFITS

If the same modelling were run with the remaining £32,250 left in individuals' pots after taking the tax-free cash, savers would, on average, be £10,441 better off after five years and £18,496 after ten years if they decided to stay invested. These figures highlight the significant financial benefits of delaying withdrawals and allowing pension funds to grow.



The data further shows that most people withdraw money from their workplace pension before retirement age. While early withdrawals are often unavoidable, draining a pension pot too soon can carry substantial risks, which providers and retirees should be aware of and take steps to guard against where possible.

NAVIGATING A CHANGING PENSIONS LANDSCAPE

The pension landscape is ever-changing. People are living longer, which means pensions must cover longer retirements. Additionally, more individuals are choosing to phase into retirement with part-time work, changing how and when they access their pension funds.

Early withdrawals can severely impact the long-term financial stability of retirees. Therefore, individuals must seek professional financial advice to make informed decisions about their pension pots.

PLANNING FOR A SECURE RETIREMENT

Retirees should also consider other sources of income and investments that can support them during their retirement years. Diversifying income streams can provide a safety net and reduce the need to dip into pension funds prematurely.

Proper financial planning ensures that retirees can maintain their desired lifestyle without compromising their financial security. By understanding the implications of early withdrawals and exploring alternatives, retirees can make decisions that will benefit them in the long run. ■

WANT TO MAKE INFORMED DECISIONS THAT WILL HELP YOU MAXIMISE YOUR PENSION BENEFITS?

If you are approaching retirement or have already started considering your pension options, it's crucial to understand the impact of early withdrawals on your long-term financial security. Contact us today to explore your options and create a personalised retirement plan that aligns with your goals. Secure your financial future now – don't wait until it's too late!

Source data:

[1] The statistics cited were the result of an analysis by Scottish Widows on 232,654 different retirement claim transactions between 2019 and 2023, which has been used from different sources to give a single view.

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MASTERING FINANCIAL PLANNING

Essential tips for mothers balancing family and finances

BALANCING THE MANY RESPONSIBILITIES OF MOTHERHOOD CAN BE OVERWHELMING, OFTEN PUSHING LONG-TERM FINANCIAL PLANNING ONTO THE BACK BURNER. HOWEVER, EFFECTIVE FINANCIAL PLANNING IS ESSENTIAL FOR EVERYONE, AND AS A MOTHER, YOU FACE UNIQUE CHALLENGES THAT REQUIRE EXTRA ATTENTION. HERE ARE SOME KEY FINANCIAL PLANNING STEPS TO HELP YOU TAKE CONTROL AND SECURE YOUR FAMILY'S FUTURE.

SAVE FOR UNFORESEEN EMERGENCIES

As a mother, you've probably realised that emergencies can strike when you least expect them to. While an emergency savings pot can't prevent sick days, uniform mishaps or broken friendships, it can provide a useful financial buffer for more expensive emergencies, such as boiler or car breakdowns. Building up at least six

months' worth of essential expenditure in an easy-access savings account reduces the risk of falling into debt or dipping into savings allocated for long-term goals.

PROTECTION, PROTECTION, PROTECTION

An income protection policy should be considered if your family relies on your income to cover bills, childcare, school

fees or after-school activities. This type of insurance pays out a portion of your salary if you suffer from a long-term illness and cannot work, helping you maintain financial stability and ensuring your children's lifestyle isn't unduly affected.

Life insurance is another essential protection, offering a vital financial safety net should the worst happen to you. It provides a lump sum or regular income if you pass away during the policy term, which could help pay off the mortgage and ease the financial burden on your family.

YOUR PENSION MATTERS

If you've taken time off work to care for your children, finding ways to top up your pension savings is crucial. Many

mothers prioritise their children's futures over their own, but neglecting your pension can have long-term financial repercussions that ultimately affect your entire family. The good news is that there's still ample time to get your pension back on track.

If you qualify for the full amount of the new State Pension, you will receive £221.20 per week, or £11,502.40 a year (2024/25). You must have paid National Insurance (NI) contributions for 35 years to qualify for the maximum amount. If you're not working, you'll receive NI credits automatically as long as you claim Child Benefit, and your child is under 12. You may still receive these credits if you've claimed child benefits but opted out of payments to avoid the High-Income Child Benefit charge.

TOPPING UP PENSIONS

Consider topping up your workplace or private pensions. Pensions are a highly cost-effective way of saving for retirement due to the tax relief you receive on personal pension contributions. This means a £100 pension contribution will only cost you £80 if you're a basic rate taxpayer, £60 if you're a higher rate taxpayer or £55 if you're an additional rate taxpayer, as long as the total gross contributions are matched by the income in that band.

Even if you aren't working, you can contribute up to £2,880 per year into a pension and still receive 20% tax relief, boosting your contribution to £3,600. If you receive any cash gifts or inherit some money, saving it into a pension can significantly enhance your retirement funds.

WEALTH CREATION FOR YOUR CHILDREN

If financially feasible, saving money for your children can profoundly impact their future, potentially helping with university fees or securing a deposit for their first home. To maximise the growth potential of their money, consider investing in the stock market.

Although mothers might naturally lean towards being risk-averse, history shows that, over long periods, the stock market generally outperforms cash. A Junior ISA is a starting point. It offers tax-efficient investment growth and locks away funds until your child's 18th birthday.

OBTAIN PROFESSIONAL FINANCIAL ADVICE

You might not have the time or inclination to sort out your finances independently – and that's perfectly fine. Financial matters are one area where entrusting the responsibility to a professional can be done guilt-free.

Obtaining professional financial advice can instil confidence that you've made the right decisions with your money, allowing you to focus on yourself and your family. ■

WANT TO FIND OUT INFORMATION OR SEE HOW WE CAN HELP WITH PERSONALISED FINANCIAL GUIDANCE?

Contact us today for expert professional advice and personalised financial guidance. We're here to help you and your family achieve financial stability and peace of mind. Don't wait – contact us now, and let's secure a brighter future together!

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A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.