Making the most of your **retirement**

Helping you **aim higher** with your retirement plans

Pensions. The idea is so simple; the reality so complex. There are so many considerations, including your family circumstances, pension rules and tax regulations, and so many decisions to be made.

The good news is that whatever your financial situation, and however you want to enjoy your retirement, at Canaccord Genuity Wealth Management (CGWM) we can help you set up bespoke arrangements that are right for your needs.

When clients come to us for wealth planning advice[1], they almost always ask "Will I be able to retire when I want to? Will I run out of money? How can I guarantee the kind of retirement I want?" As no one knows exactly how long they are going to live or what financial challenges they may face, these are hard questions to answer. However, professional advice can help.

In fact, the importance and value of specialist input cannot be stressed enough. Your CGWM Financial Planner will help you navigate the complex pensions landscape and ensure you make the best decisions for your unique circumstances and wishes for the future.

Important information

Investment involves risk. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The investments described in this brochure may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment adviser.

The tax treatment of all investments depends upon individual circumstances and the levels and basis of taxation may change in the future. Investors should discuss their financial arrangements with their own tax adviser before investing.

[1] Our wealth planning service has been structured as an 'independent', fee-based offering. This means that we are not tied to any specific products or providers, which allows us to consider all the options available to you.

What do you want from your retirement?

You may want to settle down to a quiet life in the country, to spend your time travelling the world, to move abroad, to live nearer your children and grandchildren, or to enjoy more of your hobbies or voluntary work.

On the other hand, you might want to carry on working part time; to leave work but keep a seat on the board; or to start a completely new career (paid or voluntary) doing something you've always loved. Perhaps you have family or elderly relatives who are dependent on you.

Everyone plans their retirement differently. The important thing is to make sure you have plenty of choice and room for manoeuvre. CGWM can help you create that flexibility.

Look forward to your future with confidence

We'll work with you to ensure that:

- Your financial arrangements will provide the retirement you want
- They are as tax efficient as possible
- You can change the details if you need to
- You can carry on working and/or saving for as long as you like
- Your plans help to manage inheritance tax and preserve your wealth for future generations.

At CGWM, we won't simply look at your pension. We will consider your finances as a whole, to see how they can best be structured to support your retirement. We will also make sure you do everything in the right order, as some decisions can impact other areas of your financial planning.

Reviewing your pension plans

The first thing your Financial Planner will do with you is to look through all your pensions to check whether they're still fit for purpose. This includes finding out:

- How many you have
- What they are worth
- What type of plan they are
- The charges and underlying investments for each plan
- Whether they offer flexible benefits
- Whether they have any valuable guarantees or enhanced benefits.

If you think you might have lost track of any of your pension pots, visit the Unclaimed Assets Register website at uar.co.uk/customer/home to check.

If any of your pensions are not professionally managed, you should find out where the funds are invested, how this fits in with your financial objectives, how they are performing and the cost. A professional adviser can give you a clearer picture by reviewing all your pension pots and recommending ways to manage them going forward.

Building your pension – have you got enough?

For most retired people, their pension is their largest source of income. Traditionally, you would use your pension fund to provide an annuity – a secured income for your lifetime – and live on the proceeds.

However, 'pension freedoms' (introduced in 2015) have allowed retired people far more choice, but this has created greater complexity and made it harder to pinpoint the best choices for your future prosperity. Even worse, the rules governing pensions are still constantly changing and, to add to the confusion, pensions that you have had for a while may have been set up under old rules.

An expert adviser can help you navigate through all these complications and make the right decisions.

Shedding light on allowances and taxes

We recommend that you put as much into your pension as you can afford to, while making the most of the allowances explained here to maximise tax efficiency.

When you are working out which allowances apply to you, please remember that your taxable income is not just your salary. For example, it could include investment dividends and/or rental income from a buy-to-let property.

1. Your annual allowance

The annual allowance for pension savings is currently £60,000 for most individuals. However, there are certain circumstances where this could differ. This limits the amount of tax privileges available on your pension savings, as any contributions over this annual allowance may attract a tax charge.

Those with a taxable income over £260,000 in a year have their annual allowance for that tax year tapered. For every £2 of income over £260,000, their annual allowance is rounded down to the nearest whole pound, subject to a minimum annual allowance of £10,000. Someone with an income of £312,000 or more in a tax year may have an annual allowance of £10,000.

If you are caught by this restriction you might wish to reduce the contributions you (or your employer) are making to your pension fund. Otherwise you might be liable for an annual allowance charge.

The money purchase annual allowance is another consideration if you are withdrawing money from a defined contribution pension scheme, as it can also restrict the amount you can contribute to £10,000.

Your CGWM Financial Planner will help you take stock of your income and work out what your maximum yearly pension contribution will be. Depending on your situation, your annual allowance may also be affected by what's called your 'adjustable income' or 'threshold income'. These calculations can be complex, but your Financial Planner will be able to do them for you.

2. The ‘carry forward’ allowance

‘Carry forward’ lets you make use of any annual allowance that you have not used during the three previous tax years. It can be particularly useful if you are self-employed and your earnings change significantly each year, or if you want to make large pension contributions.

If you are self-employed and run your own business, your company can potentially make contributions on your behalf. Ask your Financial Planner whether you are maximising your pension contribution in the most tax-efficient way. We can work closely with your accountant or tax adviser to establish what is best for you and your company.

Important information

In the 2023 Spring Budget, the Chancellor announced that the lifetime allowance (LTA) tax charge would be removed from 6 April 2023, and the LTA would be abolished altogether from 6 April 2024. However, the Leader of the Opposition has said that his party would reverse many of these changes, if elected. This brings additional uncertainty to an already complicated area. Prior to taking any action that would affect the LTA, we recommend seeking advice from your Financial Planner. At present, we have no indication of how a Labour government would reverse these changes, or in what time scale.

Building retirement funds **outside your pension**

For maximum flexibility and tax efficiency, it's best not to rely exclusively on pension income to fund your retirement.

Investing in vehicles such as ISAs, insurance bonds or investment accounts will offer you a variety of income sources and tax benefits for your retirement. For example, you could use your pension income to cover your basic expenditure. Then, if you need an ad hoc lump sum, you could withdraw money from an ISA without paying extra tax. This, in turn, could help your capital to last longer.

Using a range of different income streams once you retire can maximise tax efficiency. For example:

- The income from insurance bonds is tax deferred and could also form part of an inheritance tax strategy
- You could use the capital gains tax allowance to take profits from directly held equities.

Venture Capital Trust (VCT) dividends are exempt from income tax and could supplement taxable income from your pension. However, these tend to carry a high level of investment risk because they invest in small companies.

All these strategies could increase the net amount you receive without increasing your immediate tax liability.

Your CGWM Financial Planner will be able to discuss all these options with you and advise you on which is most suitable for your needs.

Important information

Investments in VCTs should be regarded as high risk as they invest in small companies with shares that are highly illiquid and can be hard to sell. They are only suitable for UK resident taxpayers who can tolerate higher risk and have a time horizon of greater than five years. They attract tax reliefs provided the underlying managers keep to certain rules.

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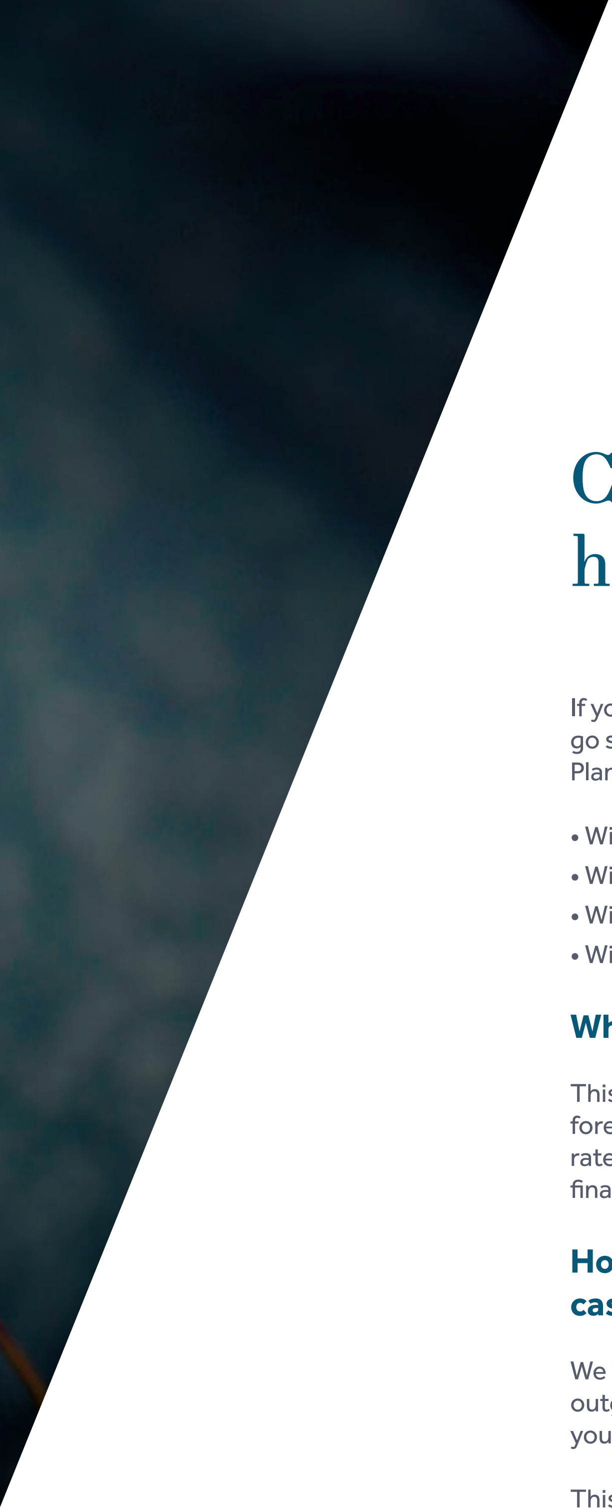


Cash flow **modelling** – how it can help

If you are worried about how you'll manage in retirement, cash flow modelling can go some way towards alleviating your concerns. It will help you and your Financial Planner find educated answers to questions like:

- Will I have enough money to see me through my whole life?
- Will I have enough money to do everything I want in retirement?
- Will I leave too much money – should I spend more now?
- Will I leave a significant inheritance tax bill to my loved ones?

What is cash flow modelling?

This vital part of retirement planning is a way of assessing your current and forecasted wealth, along with your income and expenditure. It uses assumed rates of growth, inflation and interest rates to build a realistic picture of your finances now and in the future.

How your Financial Planner could use cash flow modelling to help you

We would start by asking you about your current financial situation, including outgoings, income and commitments. We would also establish an overview of your assets, including your property.

This would give us a clear picture of your existing and future financial commitments and your goals. We would then break down your finances year-by-year over your expected lifetime, including all your savings, investments, pensions and spending in retirement.

Cash flow modelling can even be used to road-test different scenarios to see how they might affect your future. For example, if you retired early, or invested in a holiday home at 65 – or if there was a fall in the market.

It is important to remember that a cash flow plan is only as good as the information available and it must be kept updated with the inevitable changes in your circumstances, enabling your Financial Planner to make ongoing adjustments.

When we create a cash flow model for our clients, we review it at least once a year. We make sure plans are on track by taking account of any changes and adjusting your plans in line with investment returns achieved and your actual expenditure. By monitoring how changes affect your cash flow model, we can advise you on how to achieve your long-term aspirations.

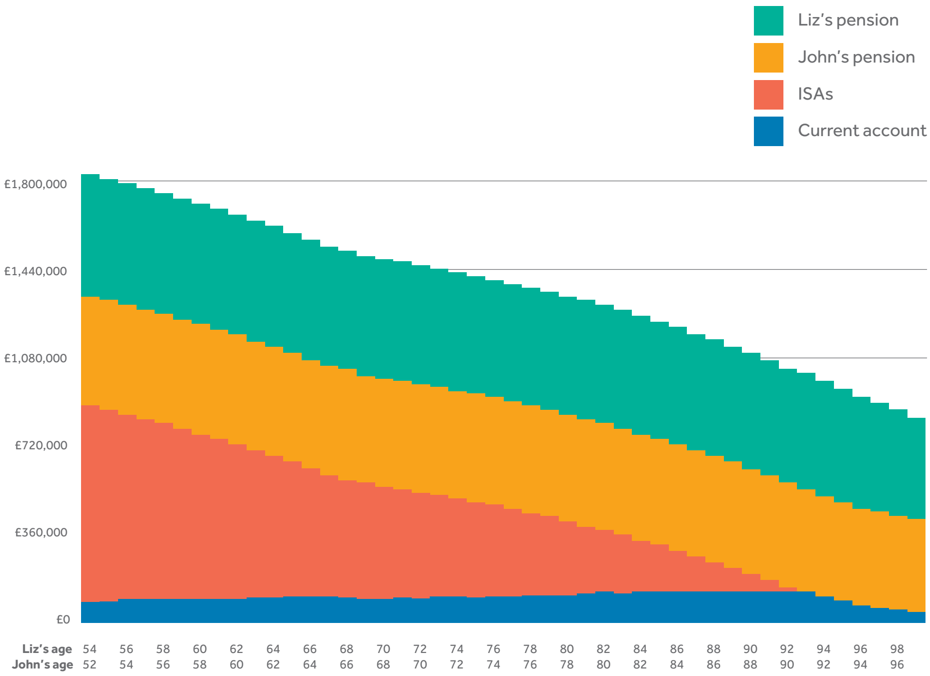
Case study: Liz and John

Liz and John are both in their 50s. They have substantial savings and three children who are still financially dependent. Their main concern is having a comfortable standard of living in retirement. They are thinking of winding down their careers (perhaps semi-retiring before full retirement) and want to see if they can do that and still have enough money in later life. They also want to ensure they are covered for potential expenses like long-term care while still being able to leave enough to their children.

The cash flow model allows for their projected future income and expenditure, including helping each of their children onto the property ladder and providing for later-life care needs. Taking into account their pensions, ISAs and current account, it reassures Liz and John that they will have plenty to retire on and can afford to semi-retire first.

The financial plan includes preserving their pensions as a potential legacy for their children. However, Liz and John decide to keep the situation under review with their CGWM Financial Planner and are willing to explore other opportunities to mitigate potential IHT liabilities later on.

Savings over time (current situation)



This is designed to be a simple representation of a cashflow model.

Drawing your **pension**

Before you reach your planned retirement date, it's important to consider all the ways you could draw an income from your pension pots or other investments.

Before you decide which strategy is best for your needs, you need to be aware of all the tax implications, both now and in the future, particularly if you want to leave some of the money to your family.

Your choices include:

- **An annuity:** where you swap your pension fund (and/or other savings or lump sums) for a secured income. You can choose to take the income monthly or quarterly, for life or for a limited fixed time (e.g. 20 years). You can also opt for a joint life version that will continue until both partners die. The income is based on your age and health but also depends on the prevailing gilt interest rates
- **Withdrawing cash:** with a pensions commencement lump sum (PCLS), you can usually take 25% of your pension pot tax free up to the notional LTA, even if the LTA is eventually abolished
- **Arranging an adjustable income/flexible drawdown:** this could include drawing down the tax-free element in a phased approach (you don't need to take the full 25% all at once).

The order and way in which you take your benefits can affect the amount of tax you pay, so please consult your CGWM Financial Planner about your decisions.

Using your pension pot to help others

If you have sources of income apart from your pension, and don't need to live on it, you could use it as part of a gifting strategy. Or you could leave your pot untouched and bequeath it to your beneficiaries.

- If you die before the age of 75, your beneficiaries can take their share of the money in a lump sum or keep it invested and draw it out as required; there would be no inheritance tax (IHT) and no liability for income tax on your beneficiaries
- If you die after the age of 75, your beneficiaries will have to pay income tax at their marginal rate on any withdrawals they take from the pension – although there would still be no IHT to pay.

Ask your Financial Planner about these possibilities.

Why choose **CGWM?**

We believe everyone needs professional advice on their pension, both before and after they retire, with regular reviews.

At CGWM, our dedicated, approachable Financial Planners offer expert retirement advice and cash flow modelling. They have the highest levels of qualification and years of experience, and will ensure your planning is carried out in the right way and the right order, and is designed around your unique needs.

We will create a bespoke relationship with you, get to know you, and look at your financial situation as a whole. You can expect to receive a full written report of our findings and recommendations, and your Financial Planner will go through it in detail with you. We will create solutions that ensure you're taking full advantage of all available tax efficiencies and savings.

Your Financial Planner will always be on hand when you want to talk to them. They will keep you informed about changes to financial services legislation such as pension rules and tax allowances.

If you have funds invested through our investment management service[2], your investments are in expert hands, with a strategy built around your individual needs. Your Financial Planner will take this into consideration when advising on your pension.

While you are planning for your retirement, you might also want to think about succession planning, as your decisions could affect the IHT payable on your estate. Our IHT experts will guide you through your options.

Fair, transparent charges

We charge according to the work we do for you, on a clear fee basis. We will make sure you are completely aware of these fees in advance, and have agreed them before we start work for you.

If you use our investment management service, our fees will be based on the value of your portfolio.

If you would like to see a full schedule of our charges, please get in touch and we'll be happy to provide one.

[2] This service is provided by Canaccord Genuity Wealth Limited (CGWL) and is deemed to be 'restricted' as this entity does not provide advice in respect of pension or life insurance products.

Discover our **can-do** approach

To find out more about how we can help with your retirement planning needs, please get in touch. We'll be delighted to answer your questions and provide more details of our services.

We are independently aligned to your needs

We can advise you on your retirement plans as part of our wealth planning service, which is independent. Acting strictly on your behalf, our Financial Planners are responsible for assessing your needs, advising you on solutions and carrying them out. We are not tied to any specific products or providers, which allows us to consider all the available options and make sure you have the best structures in place to meet your financial objectives.

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Past performance is not a reliable indicator of future performance.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. This effect may be unfavourable as well as favourable.

This document is for information only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard for the specific investment objectives, financial situation or needs of any specific investor.

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