

Approaching retirement? What to expect

ALONGSIDE YOUR HOME, YOUR PENSION IS LIKELY TO BE THE MOST VALUABLE FINANCIAL ASSET YOU HAVE. IT IS DESIGNED TO GIVE YOU A REGULAR INCOME AND FINANCIAL SECURITY WHEN YOU ARE NO LONGER DRAWING A SALARY. HOWEVER, YOUR RETIREMENT MAY LAST 20-30 YEARS AND MAKING SURE YOUR INCOME DOES SO TOO MEANS MAKING THE RIGHT CHOICES AT RETIREMENT.

There is a range of options to choose from and what's right may be different for every person. Some will favour the security of a regular income for life (an annuity). Others will prefer the flexibility of drawdown, where they can take more or less income in any given year. Some will need provision for their spouse after they die, others will not. If you are going to use a drawdown option, you will also have to consider how that money should be invested to provide a stable income. It is a complex decision and one not to be undertaken lightly.

With this in mind, as you approach retirement, pension providers like Alliance Trust Savings will give you factual information to help you understand your options. This is not usually guidance or advice (we don't give either).

However, given the importance of the decision, it can be worth seeking the help of an independent Financial Adviser – www.unbiased.co.uk or www.vouchedfor.co.uk can give you names of local advisers. You can also access free impartial guidance from Pension Wise, a Government service at www.pensionwise.gov.uk.

When you apply for a Self-Invested Personal Pension (SIPP) through Alliance Trust Savings, you are prompted to choose a retirement date. The earliest it can be is your 55th birthday. Two years before this chosen date, we will send you a letter giving you the balance of your SIPP Account.

We also send our comprehensive *Accessing Your Pension Guide* and details of the Pension Wise service. Our guide explains the different options available, plus considerations such as the inheritance tax treatment of each option. It also shows the type of questions you need to ask yourself before making any decisions. We will send this information out to you again, with an updated SIPP Account balance, closer to your selected retirement date.

As your planned retirement date nears, if you have questions about your SIPP Account and what you want to do with it we are happy to give practical support where we can. We find customers often have questions on tax, for example the tax implications of withdrawing capital. Remember, though, we can't give you advice. ■

This article is for general information only and takes no account of your personal circumstances and does not constitute a personal recommendation. If you are unsure of suitability, you should seek expert advice. Alliance Trust Savings does not give financial or investment advice.

The value of your investments can go down as well as up and you may get back less than you originally invested.

The value of your SIPP Account might go down when you start taking money out, especially if you take a high income and investment returns are poor. So the income you can take in future might also go down.

Tax treatment of pensions depends on individual circumstances and may change in the future.

Why wait?

There's no need to wait until your chosen retirement date to start thinking about your pension income options and how you might use them. The sooner you get on to this the better. You can get a head start now by downloading our *Accessing Your Pension Savings Guide* at alliancetrustsavings.co.uk.

