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Independent Financial Advisers

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Introduction

Retirement is not the straightforward business it used to be. Traditionally individuals would simply exchange their pension funds for a pension for life. Changes introduced by the Finance Act 1995 mean individuals now have a greater choice about what to do with their pension funds. Choice is only attractive to those who can differentiate between the various options on offer; those who cannot will become bewildered. For most the urge to become a specialist in retirement planning will be minimal, which is commendable attitude in itself, and therefore the majority of those considering retirement will turn to their independent financial adviser for his or her qualified and balanced opinion.

The following text is a guide to all the options open to those approaching retirement. It is designed to outline the main features associated with each product and the important issues to address when discussing matters with your adviser. This should help ensure (but not replace the need for advice) that the right decisions are made for the right.

Conventional Annuity

The most common way to draw benefits from a personal pension, or retirement annuity, is to take the maximum tax free cash allowable, and use the balance to buy an annuity. An annuity is a contract which provides a regular income for life from an insurance company in return for the investment of your pension fund, the tax free cash can be used for any venture such as clearing any outstanding mortgage or be used to buy a Purchased Life Annuity (PLA). A PLA is taxed more sympathetically than the conventional annuity - it has an interest portion taxed as unearned income at 20%, and a capital portion which is non taxable. Most personal pension plans have an Open Market Option. This allows the annuitant to transfer his pension funds to another insurance company offering the most competitive annuity rate. The annuity market is highly competitive and constantly changing, meaning that unless your adviser is prepared to scan the whole market you could be disadvantaged for the remainder of retirement. This Open Market Option facility costs nothing, but is overlooked by a significant number of annuitants. Annuity rates are only guaranteed once you have purchased them. While your money remains invested in your pension fund, annuity rates can be extremely volatile. The reason for this is that annuity rates are linked to the yield on long dated Gilts which rise and fall according to prevailing market conditions. In addition, the price of an annuity is based on your life expectancy at the time you purchase the annuity. You take the gamble that you may live longer than expected, in which case you will benefit from those people who do not reach their ‘average life expectancy’. Those people who die early subsidise the pension income of those who live longer than expected, and also ensure that the survivor’s income continues for life. This cross subsidy is known as **Mortality Subsid**y. Pension annuity income is taxable on the recipient as earned income, but is not subject to National Insurance. The full income is taxed at the recipients highest rate of tax through the PAYE system. You can elect to have the income paid annually, quarterly or monthly, either in arrears or in advance. For example, you may choose an annual income and elect to receive the first payment in a years time (in arrears) or immediately (in advance). Delaying for a year will increase the income you receive. The effect on monthly payments is obviously going to be less pronounced.

Different types of annuity
There are different ways of structuring an annuity in order to meet differing requirements in retirement. Once the basis of the annuity has been selected you are locked into your chosen options for life. You may have any combination of the following:

◊ *level payments:* payments remain level throughout your lifetime
◊ *indexed payments*:: your pension may rise in line with a pre-determined rate such as 3% p.a. or 5% p.a. or increase in line with rises in the Retail Prices Index
◊ *single life or joint life:* the annuity can be related to the life of one person or two people.
◊ *widow'(er's) benefit:* can be up to 100% of your pension. If your spouse is aged less than 60 at the time of your death then the survivors annuity can be deferred until he or she reaches age 60. It is not necessary to be married to someone in order to leave an annuity to them. However, any dependant other than a spouse, must be financially dependent on you. Your children would only be considered dependants if they were aged less than 18 (or on earlier marriage), or were still in full time education, or training.
◊ *guarantee:* typically a 5 or 10 year guarantee may be bought. If you die within the guarantee period the annuity will continue to be paid until the end of this period.
◊ *impaired life annuity:* these pay enhanced annuity rates if you have any condition that will shorten your life expectancy.
When deciding which annuity to buy you may come across the word **proportio**n. This simply means that if you die part way through a payment period (for example, half way through the year if taking annual income) then income will be paid in proportion from the date of the last payment to the day you died. You may feel that this has to be done automatically but it is yet another option you have to pay for by taking a slightly reduced income. As with all things in life you get what you pay for. The best annuity rate offered will be single life only, level payments, no spouse or dependants pension, no escalation in payment, no guaranteed period, no proportion and paid annually in arrears. If you wish to add any of the options described above you have to pay for them by taking a reduced income at outset.

Below you will see that a 60 year old male will receive a different starting pension depending on the number of benefits bought at outset. The gentleman in question, we will call him Harry, has a residual fund of £350,000 and the pensions are quoted gross, monthly in advance. His wife Anne is assumed to be 2 years younger than him.

◊ level payments: £31,302.60 p.a.
◊ RPI* indexation, £21,508.20 p.a.
◊ RPI indexation, 5 year guarantee: £21,390.60 p.a.
◊ RPI indexation, 5 year guarantee,
50% widow's benefit £18,699.17 p.a.
(* Retail Prices Index)

Conventional Annuity's Short Comings
In many cases the death benefits from a conventional annuity offer poor value for money. They are purchased at outset making them totally inflexible. Consider the case of Harry who sadly dies two years after starting his pension. He has, for the sake of example, no financial dependants and bought no guarantee at outset. He therefore received just £62,605 gross income in return for a £350,000 pension fund. He may have wished to help close friends or a charitable society but is unable to. His estate has effectively lost the money. Or, if we extend the tragedy further, Harry has been happily married to Anne for a number of years and elects to buy a 50% widow's benefit, to look after his good lady in the event of pre-decreasing her. He

dies two years after taking his pension of £18,699 p.a.; Anne receives an income of £9,349 p.a. but dies of a broken heart one year later. Value for money?
Would it be fair that if Anne dies first Harry should continue on a reduced pension for life, in effect paying for a benefit which he will definitely not use?
The point is that annuities are only advantageous to those who 'decide' to live longer than mortality tables dictate they should, or in fact are lucky enough for their lives to mirror the benefits purchased at outset. The system of calculating annuities ensures that a large proportion will subsidise those who have the good fortune to live longer than expected. Many individuals are being unwittingly generous with their pension funds to complete strangers. Another fundamental problem with conventional annuities is that securing an historically competitive annuity rate is generally a lottery. Annuity rates have fallen dramatically since 1982.

An Example: At the end of January 1991, a male aged 60 with a pension fund of £100,000 would have secured an annual pension of £12,077.
At the end of January 1998, a male aged 60 with a pension fund of £100,000 would have secured an annual pension of £8,181.
If both gentlemen live for 25 years, lucky number one could expect to receive £301,925 pension income, whereas unlucky number two, would only receive £204,525 pension income, some £97,400 less for the same amount of money.
The last point worthy of note is that the annuitant relinquishes complete control of his capital. Having spent many years amassing a pension fund you are expected to submissively hand it over to an insurance company in return for an annuity, which will only be seen as good value should the annuitant live as long as expected. Many individuals may find this 'letting go' hard to do.

Suitability of Conventional Annuities

With all this said the conventional annuity has its place and will be suitable in many circumstances. The fact that once an annuity has been bought its structure is a matter of certainty is its primary advantage. No other option in retirement can offer the word 'guaranteed' within its literature. Therefore, Conventional Annuities generally favour:

◊ those who cannot afford to take any risks in retirement.
◊ individuals who have no other sources of income in retirement.
◊ those who have pension funds with a value below £100,000.
◊ people not concerned with having the ability to pass on wealth to nominated beneficiaries
◊ those who wish to receive the highest possible initial income.
◊ those who simply want to know exactly where they stand for the rest of retirement without any further worries about investment returns and the volatile nature of annuity rates.

Commissions and charges

The level of commission an adviser will receive is typically 1.0% of the pension fund.
For example, if the residual pension fund is £200,000, the adviser will receive approximately £2,000. The insurance companies' charges are not explicit but are reflected in the annuity rate given.

Managed Annuities

With a conventional annuity the level of gross income provided is fixed at outset, and is guaranteed for life. A Managed Annuity allows you to continue to share in the performance of investment funds after you retire; effectively you give up the certainty of a known rate of income in the hope that over the years you will get a better pension. Managed Annuities are not as popular as they once were due to the introduction of Phased Retirement and Income Drawdown. Both these plans have investment risk as well, but offer substantially more flexibility in terms of income withdrawal and superior death benefits. However, certain circumstances will warrant their use and they should not be glossed over when analysing the various options in retirement.

Having taken your tax free cash, you invest the remainder of your funds in the Managed Annuity, which is rather like a normal pension fund. Instead of receiving a guaranteed level of income, your Managed Annuity income relies on the performance of the fund(s) your money is invested in. With Profits funds are most commonly used, although you may select from a range of unit linked funds offered by the pension company. As with a conventional annuity, the decisions you make at outset will determine the path of your income for the rest of your life, and the life of your beneficiaries if included. The major difference is that the income from the Managed Annuity is not guaranteed, although both types of annuity will pay an income for life. Your initial pension depends on many factors such as your age, sex, and the level of spouses pension provided, plus the value of the units of the fund in which you are invested. In the unit linked funds, the value of each unit will move directly in relation to the value of the underlying investments. In the Unitised With Profits Fund, the movement of the unit value will be based on the bonuses declared by the life company in question. Unit values are expected to grow in the long term, (they can fall in the short term), so the initial amount of the unitised annuity may be lower than for the conventional annuity. You can choose to boost the early payments by anticipating future growth in the unit values.

Suitability of Managed Annuities
Managed Annuities may be suitable for a combination of the following classes of people:
◊ Younger annuitants who may have more chance of benefiting from an income linked to asset backed investments, and who may be 'penalised' with poorer conventional annuity rates due to their relative youth.
◊ Those who have alternative sources of income in retirement and therefore are not solely reliant on the Managed Annuity income.
◊ People with pension funds not large enough to justify the higher ongoing charges associated with Drawdown and Phased Retirement, but who do not wish to lock into a conventional annuity rate.
◊ Many buy a Managed Annuity with their Additional Voluntary Contribution (AVC) fund or their Free Standing AVC fund; main scheme benefits have been established and they are prepared to take a calculated risk with this additional source of funding.

Commissions and Charges
The charges on these types of contract are not transparent. They are taken into account during the rating of the annuity and are not disclosed to the annuitant. The commission on Managed Annuities are similar to those on a conventional annuity. For example a fund of £200,000 will generate commission in the region of £2,000.

Phased Annuity Purchase
With Phased Annuity Purchase all of a person's pensions are transferred into one plan upon retirement and this is segmented into a number of individual policies – anywhere between 1,000 and 10,000 depending on the insurance company offering the plan. An 'income' can then be tailor-made to a client's requirements by vesting any number of individual policies. Each one of the segments can be individually used to provide a tax free lump sum and to purchase a pension annuity. The annuity may have any of the benefits listed earlier (see Conventional Annuity). All the annuities are payable net of tax under PAYE and are regarded as earned income. Phased annuity purchase builds up the cash you require each year by combining the tax free lump sum and the taxed pension annuity from a number of segments. Any segments not used in this way will remain invested to provide benefits in future years. The amount of segments encashed will be dictated by the income requirements for any particular year in question.

For example:
A 60 year old man with a £100,000 fund has 1000 segments, each worth £100. Suppose that each of these segments could be used to provide:

◊ a tax free lump sum of £25
and
◊ an annuity, net of PAYE tax, of £5.50 per year

If his initial income requirement for the first year was £5,000, he should use 164 segments to provide benefits leaving 836 invested. This would give him:
◊ tax free cash of: 164 x £25.00 = £4,100.00
◊ net annuity income of: 164 x £5.50 = £ 902.00
◊ **Total = £5,002.00**
Given a reasonable investment return achieved by the fund that remains invested, and rising annuity rates as a consequence of getting older, it may be possible to achieve a steadily rising income.

Benefits of Phased Annuity Purchase
The death benefits associated with Phased Retirement are significantly superior to those offered by the conventional annuity. Harry would no doubt rest easier in the knowledge that his family and/or friends were benefiting from his pension fund, rather than the insurance company receiving a substantial windfall on his behalf. The death benefits of Phased Retirement overcome the tragedy of saving all your working life, only to die earlier than expected by an actuary, and helping to subsidise others annuities with your estate experiencing an avoidable but significant loss. In the event of the member's death before reaching the age of 75, the remaining fund is available to the spouse as a lump sum, with no taxes imposed and totally free of Inheritance Tax. This is the case if your funds did not originate from an occupational scheme; if they did , your spouse would normally receive a lump sum equal to 25% of the fund. The remainder is used to provide an income, usually by means of an annuity. There may be additional benefits depending on the nature of the annuities purchased to date, for example the pensions bought may have a residual guaranteed period or may have also made provision for a continuing spouses annuity. These will be honoured as a matter of course. Thus far Phased Retirement seems to offer all things to all men and women –flexibility and control of income and timing of ultimate annuity purchased, the ability to remain invested in a tax friendly environment, and very accommodating death benefits to the surviving beneficiaries. However, in return for these significant benefits the individual has to accept certain risks and be aware of the real impact that these can have on the quality of life for the remainder of their retirement.

The Investment Risk of Annuity Purchase
The main risk to those who opt to use the phased retirement facility is that associated with remaining exposed to future investment risk. As already discussed once an annuity has been purchased its structure is a matter of certainty; however the residual fund remains invested and therefore open to the risk of falling in value, the degree of which will depend on the nature of the underlying assets in which the fund is invested.

The Annuity Rate Risk of Phased Annuity Purchase
There is also the risk associated with variations in future annuity rates. All else remaining equal, age increases are reflected in higher annuity rates and therefore higher pensions for a given pension fund. However, as annuity rates are closely related to the yields on long term Gilts, they are subject to considerable variation over time. Thus the member who opts for phased retirement is taking the risk that annuity rates may, or may not, become more favourable over time. If there are poor investment returns or a continued drop in annuity rates, or both for that matter, the individual could be placed in a situation where he could have been better off, in financial terms at least, by taking the original conventional annuity on

offer. The only guarantees associated with Phased Retirement lie with the annuities purchased 'along the way'. Essentially all else is at the mercy of the prevailing and future market conditions.

Charges and Commissions
Phased Retirement will continue to attract many of the charges associated with running a normal pension contract. Commissions and charges can vary with the maximum commissions being in the region of 6%. Whilst the work involved in administering and setting up a contract of this nature is far more than that of a conventional annuity, you can reasonably expect charges and commissions to be higher. However most Independent Financial Advisers will be negotiable and you can expect to agree commission levels at around 3%. The remainder being used to enhance the contract terms.

Pension Income Withdrawal
This is more commonly known as Income Drawdown. From outset your pension funds are transferred to one provider and you have the option to take the usual 25% TFC. Income can be drawn directly from the residual pension fund. You do not buy an annuity. It is possible to defer the taking of a full annuity until age 75. Drawdown is not possible from a Retirement Annuity Contract. The Inland Revenue lays down the minimum and maximum level of income that can be withdrawn from each segment of your plan . Broadly, the maximum is close to the highest annuity rate at the time you start income withdrawals, based on a single life level annuity. The minimum withdrawal is set at 35% of this maximum figure. The Government Actuaries Department (GAD) rates are reviewed triennially.
Residual fund: £350,000
GAD minimum £13,230
GAD maximum £37,800

Advantages of Drawdown:
♦ Continued control of your pension funds. Even when you are withdrawing an income from your policies, your money remains invested in the investment funds of your choice. If you want to change the funds your money is invested in to take advantage of market opportunities, you can do so easily.
♦ Flexible levels of income payment. You can adjust the amount of income you take
from your plan to suit your own circumstances. You have the facility to start taking an income from your plan without having to commit to buying an annuity right away. You may wait for a more opportune time.
♦ Attractive death benefits for your beneficiaries You have greater choice in providing for your beneficiaries in the event of your death than a conventional annuity.
If you are single with no financial dependants (that is, children under the age of eighteen or in full time education) the income you were receiving would cease and your pension fund, less 35% tax, would be returned to your estate. Any beneficiaries would be liable for Inheritance Tax if applicable. However, if the Income Drawdown investment is written under a provider company's trust or has been specifically written under trust then Inheritance Tax may be avoided. If you were married your spouse may select one of the following three options:
1. Continue drawing an income within the limits prescribed by the Government Actuary's Department. An annuity may be purchased at any time but must be purchased by the time your spouse reaches age 75 years or when you would have reached 75 years if that is earlier.
2. Buy an annuity.
3. Take the remaining fund as cash, less 35% tax.
4. A beneficiary who is under the age of 60 can defer buying an annuity until age 60 These options also apply to financial dependants although they will not normally have to pay Inheritance Tax if the Income Drawdown is written under a flexible trust.
Non dependent beneficiaries default to the position of only being able to receive a return of fund less the 35% tax charge. A 35% tax charge may seem extortionate but compare this situation with the one on death when a conventional annuity has been bought. It is possible to contract out of the State Earnings Related

Pension Scheme. These benefits may be transferred to an Income Drawdown investment and are known as **Protected Right**s. If you have attained 60 years and wish to give effect to your protected rights but to defer the outright purchase of an annuity you must make income withdrawals from your fund. An annuity must be purchased before age 75 is attained. The income withdrawals must be within certain prescribed minimum and maximum limits, as set in accordance with the relevant Government Actuary's Department Tables. Protected rights may not be written under trust as death benefits are not discretionary. If death occurs during Drawdown a qualifying spouse may either:

◊ continue income withdrawals

◊ purchase an annuity

If there is no qualifying spouse, the residual fund will be paid to an individual nominated by the member, or to the member's estate. A tax charge of 35% will be levied and as the payment is non-discretionary, it may be subject to Inheritance Tax. Not all providers accept protected rights funds within their Drawdown contracts.

Critical Yield

This is a concept that an adviser should bring to your attention. Where income withdrawal is being considered the regulators require that an effective comparison is made with any guaranteed annuity forgone. In meeting this requirement most advisers will undertake a critical yield analysis. The critical yield should indicate the required rate of return on the income withdrawal fund to enable the same annuity that could be purchased at outset to be secured at the client's desired annuity purchase date (age 75 at the latest). This sounds a simple matter because if the critical yield is too high relative to what could be expected from investment returns in the future the individual should think twice about the suitability of income withdrawal. If, on the other hand, the critical yield is thought to be achievable then it's all systems go. Unfortunately, this is not often the case. If the critical yield is to be the corner stone of advising clients to proceed or not, it is essential that the client is aware that the critical yield has been interpreted in the right way. A recent survey carried out by M&G showed that for a given case, insurance companies' critical yield figures ranged from 6% to 9.2%. It is important that your Drawdown income is sustainable. It would be sensible to relate the income taken from Drawdown to the Traditional Annuity forgone For example: if the annuity Harry would have bought was the single life, increasing by the annual rate of inflation with a 5 year guarantee figure, giving him a starting income of £21,390 (see earlier) he should look to make this his target income from income withdrawal. Harry will therefore have the income he could have secured under the conventional annuity but will also benefit from the superior death benefits associated with Drawdown. As the maximum GAD limit is based on a single life level annuity, target figures such as these generally fall comfortably within GAD minimum and maximums. The target income from Drawdown will dictate the investment strategy; a high target income will necessitate an aggressive stance as the critical yield would no doubt be 'high', thereby increasing the risk profile; one nearer GAD minimum will allow a more balanced investment approach.

Self Invested Option
The Self Investment Option available on most Drawdown contracts allows you to use more than one life companies funds for investment purposes. You may use, for example, National Mutual to provide the Drawdown 'wrapper', but may invest in funds offered by Standard Life, M&G and Commercial Union. Not only may we use a number of life companies funds, you can also begin investing into any of the following *and* still retain pension status to qualify for the tax exempt nature of pension funds:

◊ listed shares
◊ fixed interest securities
◊ commercial property
◊ authorised Unit Trusts
◊ Authorised Investment Trusts

e.g. all National Mutual do is provide a 'pension wrapper' and within the wrapper you have freedom to invest wherever you see fit. This facility is generally most attractive to the more sophisticated investors who have large pension funds and would not feel comfortable having all their money under one roof. Diversification is often the key to a successful investment strategy which is equally applicable to pension fund investment. The self invested facility is an excellent option, provided of course that you receive competent investment advice.

Disadvantages of Drawdown:

♦ **Annuity rate risk -** a significant argument for Phased Annuity Purchase and Drawdown is that annuity rates are currently very low, and by deferring the purchase of your annuity you may be better off at a later date. The reverse could occur. There is no guarantee that rates will improve by virtue of natural age increase. Annuity rates are volatile. Simply assuming that annuity rates will offer better value in the future should be no justification in itself for entering into one of these contracts.

♦ **Fund Performance -** Your residual fund will remain exposed to future investment risk. A prolonged period of poor investment returns can have disastrous consequences on the value of the remaining fund. If you are taking a fixed income from a falling capital base you may get into a situation where the capital cannot recover. With Drawdown your income will be reset every three years and under the above circumstances you should expect your income limits to be lower.

♦ **Mortality Drag -** When an annuity is purchased from a life assurance company, an actuary is able to calculate, with considerable accuracy, how many investors will die from year to year by referring to mortality tables. Those who live beyond this life expectancy, benefit from a 'mortality surplus' that is derived from those who die earlier than expected. Drawdown does not benefit from this mortality subsidy. In order to justify Drawdown purely as a source of income, your pension fund(s) will need to outperform Traditional Annuity rates. There are ongoing costs associated with Drawdown, not experienced with a Traditional Annuity. The 'out performance' required increases the older you become.

♦ **The Surplus Test** - Whilst the Surplus Test may not have had as much publicity as the other potential pitfalls associated with Income Drawdown, it is something to be considered in the selling as well as the servicing of a drawdown contract. The Surplus Test applies on death of a member during drawdown who is survived by a dependant who has the options of continuing income withdrawal, buying an annuity or taking a lump sum payment. Basically the scheme administrator must test for the pension payable to a dependant being greater than that which would have been available to the deceased member. If this is so then the benefits must be cut back accordingly, the excess being retained by the scheme administrator to cover the general administration expenses of running the scheme. If there are concerns about the impact of the Surplus Test because the member has a significantly older spouse or dependant children it will be necessary to take considerable care when completing the appropriate death benefits paperwork.

Suitability of Drawdown

The flexibility of income withdrawals and the control of where your pension funds are invested, plus the varied death benefits already mentioned will make Drawdown a very attractive prospect to many approaching retirement. These clients will share similarities, some of which are listed below.
◊ Those with pension funds in excess of £100,000. The ongoing charges for administration and fund management makes smaller amounts less viable, although given the right circumstances and for the right reasons funds under £100,000 should not be ruled out altogether. For example, what should an adviser do when faced with a client in poor health but with a fund of £85,000? Surely it would be better to advise Drawdown rather than the conventional annuity?
◊ If the client needs maximum tax free cash sum at outset.
◊ Are concerned about providing maximum death benefits, free of Inheritance Tax. to individuals and/or organisations of their choice.
◊ Want to control the level of income they receive, albeit within certain limits prescribed by the Governments Actuary Department
◊ Are prepared to take an investment risk and wish to retain control of their capital. The risks increase the higher the level of income required from your fund. In these instances a significant proportion of your fund may have to be held in equity based funds in order to achieve a return at least equivalent to the critical yield
◊ Have other assets, or income, which can be relied upon during periods of poor stockmarket performance.

Charges and Commissions
Drawdown will continue to attract many of the charges associated with running a normal pension contract. Commissions and charges can vary with the maximum commissions being in the region of 6%. Whilst the work involved in administering and setting up a contract of this nature is far more than that of a conventional annuity, you can reasonably expect charges and commissions to be higher. However most Independent Financial Advisers will be negotiable and you can expect to agree commission levels at around 3%. The remainder being used to enhance the contract terms.

Phased Income Withdrawal
This concept should not be confused with Phased Annuity Purchase, or indeed Drawdown. Phased Income Withdrawal works by moving all your existing pension plans to one provider into what is essentially a 'Transfer Plan' which is segmented. Once a target income figure has been specified sufficient segments are moved from the Transfer Plan to a Drawdown Plan leaving the bulk of the transfer payment untouched. The Drawdown Plan then works as detailed in the previous section. If you do not need your tax free cash Phased Income Withdrawal may be more attractive than the standard Income Drawdown contract for the following reasons:
◊ Greater control over the level of income withdrawals due to the fact that the GAD minimum and maximums will be related to the funds in the Drawdown Plan not the Transfer Plan.
◊ Better death benefits as the segments left untouched in the Transfer Plan will be 'full return of fund' to your beneficiaries whereas funds committed to Income Drawdown will have the usual options offered to beneficiaries listed in the previous section (except where the funds originated from an occupational scheme where 25% of the fund will be available with the remaining 75% to be used to purchase an annuity).
◊ The income generated is more tax efficient as it is made up of tax free cash and taxable income, rather than all the income being taxed
Although there are significant advantages associated with Phased Income Withdrawal this approach will also carry all the investment and annuity rate risks associated with Pension Income Withdrawal. However, it will also attract the same client who would warm to Pension Income Withdrawal but who does not need access to their tax free cash.

Conclusion
Professional advice is needed at the point of retirement more than ever before. There are essentially five main options to choose from and even if clients grasp the salient points relating to each, they may lack the necessary perspective in order to make an informed choice. Independent financial advice is therefore critical.

The next step
If you would like to find out more about the our approach to Retirement Planning, please telephone or write to the address below. We look forward to your call.

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This booklet has been prepared using sources believed to be true and accurate. The information contained refers to several types of investments and we would like to bring to your attention the following notes:
1. The past is not necessary a guide to future performance
2. Levels and bases of, and reliefs from, taxation are subject to change
3. These investments are not suitable for everyone
4. Please note that as investments may go down in value as well as up, you may not get back the full amount invested.