

Retirement: What you need to think about

by Vivian Slattery, Director of Monetary Solutions Ltd

Retirement is probably one of the biggest changes in your life. You could live for another 30 years or more, but your earned income will probably cease. There's lots of information about retirement on the Internet, but it can often be difficult to find and understand what relates to your own circumstances. It's therefore an important time to seek financial advice. Here are a few of the considerations to aid decision-making about your pensions and investments...

Taxation

It's important to understand the tax implication of your investments. However, when we ask someone what interest rate they are receiving on their deposits, they often quote the gross rate rather than the net rate.

Different types of investment are subject to different forms of taxation. By investing in a medium that is primarily subject to another form of taxation (for example, Capital Gains Tax rather than Income Tax), you could make a tax saving that in turn could increase your income.

Allowances

As you may know, ISAs replaced PEPs that were introduced back in 1987, during Maggie Thatcher's era. It's wise to make full use of your allowances as this could reduce your tax. If you've invested your maximum allowance each year since the beginning, you will have substantial holdings by retirement.

If you have Stocks and Shares ISAs, you need to know where your money is invested, as fund

performance can vary considerably. Note that all your PEPs and ISAs should be reviewed regularly – even Cash ISAs still need reviewing.

Long-term care

Income is not the only consideration. You also need to take advice on the best investment medium to fund long-term care, in case you need it now, some time in the future, or when you are acting as attorney for someone else in care.

IHT

Your potential Inheritance Tax liability is also a consideration. When we broach this subject with clients, we may have different views, but it doesn't make sense to me for the taxman to get hold of any more money than necessary!

Next steps

If you would like to us talk about retirement, you can book a free without obligation consultation at Helena 4, Airport House, Purley Way, Croydon, Surrey, CR0 0XZ. We look forward to meeting you soon.

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