



# Pensions

## About Advance Wealth

The most important part of your planning is the **COMMUNICATION** you receive from Advance Wealth.

We strive to stay in touch at least twice a year, often to let you know that everything is in good order so that you can feel reassured.

## We are fully committed to all our clients

We believe strongly that if you are looked after properly you will feel comfortable to stay with Advance Wealth for life. Staying with one adviser for life can only enhance your planning.

## We work hard to build your trust in our expertise

Our aim is to give our clients a trusted financial services organisation that truly listens with empathy and understands fully their needs. An organisation our clients feel they can lean on to ease their financial worries.

We are committed to a proactive approach and never take our clients loyalty for granted.

The most important value in Advance Wealth is respect – for our clients and for each other.



## Pension options

Pensions are, of course, designed to enable you to save sufficient money to live comfortably after you have retired from work. There are many different 'tools' used to save for retirement and the taxation and investment elements of pensions can appear baffling. We specialise in explaining, recommending and monitoring pensions for you.

**The Basic State Pension** – for people who have paid sufficient National Insurance contributions while at work or have been credited with enough contributions.

**Additional State Pension** – this is now the State Second Pension (S2P). Before 6 April 2002, it was known as SERPS (State Earnings Related Pension Scheme). From 6 April 2002, S2P was reformed to provide a more generous additional State Pension for low and moderate earners, carers and people with a long term illness or disability and is based upon earnings on which standard rate Class 1 National Insurance contributions are paid or treated as as having been paid. Additional State Pension is not available in respect of self employed income.

**An Occupational Pension (through an employer pension scheme)** – if your employer operates a pension scheme, it's usually a good idea to find out about the benefits of the scheme.

**A Personal Pensions Scheme (including Stakeholder schemes)** – open to everyone and especially useful if you are self-employed or your employer doesn't run a company scheme. In 2012, the government is planning to introduce reforms and all employers will be required to offer their employees, who meet certain criteria, automatic enrolment into a workplace pension – National Employment Savings Trust (NEST), formerly known as Personal Accounts. Employers will also be required to contribute a minimum of 3% of salary to these, which will be phased in gradually over four years. Employees will be required to make a personal gross contribution of 4% with tax relief of 1%. The final format of these accounts has not yet been agreed, and further information will be issued prior to 2012. It is not in an individuals best interests to wait until 2012 however, to begin planning for their retirement. Personal situations can be reviewed nearer to the time when more details are available.

## Start building your pension early in life

State Pensions may not produce the same level of income that you will have been accustomed to whilst working. The full Basic State Pension is only £102.15 per week (2011/12) for a single person (though you would be able to claim means-tested state benefits if that was your only income). It's important to start thinking early about how best to build up an additional retirement fund. You're never too young to start a pension – the longer you leave it the more you will have to pay in to build up a decent fund in later life.

## For more information...

If you would like further information, or to set up a FREE initial no obligation appointment with one of our advisers, please call us on 08455 12 02 02, contact us via email at [advice@advancewealth.co.uk](mailto:advice@advancewealth.co.uk), or follow the link on our website [www.advancewealth.co.uk](http://www.advancewealth.co.uk)



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## Self Invested Personal Pensions (SIPPs)

A Self Invested Personal Pension (SIPP) is a tax-efficient wrapper within which a wide range of investments can be held. SIPP's have the same tax benefits and regulations as conventional personal pensions plans but you and / or your advisers have control over the investment choice – each SIPP is unique to the individual. Otherwise, it operates in the same way as a conventional personal pension in respect of contributions and eligibility, for Her Majesty's Revenue & Customs (HMRC) purposes.

## Personal and stakeholder pensions

Personal Pensions represent a popular and attractive way of saving for your retirement. All monies invested into your fund grow free of capital gains tax, and the contributions you make are enhanced by income tax relief at source. For example if you invest £80, the government adds on tax relief (currently 20%) to enhance your contribution to £100! If you are a higher rate taxpayer you can claim additional relief through your pay coding.

A personal pension is an arrangement made in your name over which you have personal control. You can alter your contributions, suspend them, or stop them completely.

### Options for your accumulated tax fund

You will be eligible to take 25% of your accumulated fund tax-free when you retire, from age 55. There are a range of options when you decide to take benefits whether before or after age 75.

Stakeholder pensions are similar to personal pensions but have their charges capped at 1.5% for the first 10 years reducing to 1% thereafter. Whilst Stakeholders are generally considered a little cheaper than Personal Pensions, investment choices may be restricted.

## A' Day (Appointed day) pensions

A' Day (Appointed day) arrived on 6th April 2006 and brought with it sweeping and radical changes for all pension plans – whether occupational or personal.

From this date there will be just one set of tax rules for all types of pension, with an individual Lifetime Allowance (£1.5 million as at 6th April 2012) and an individual Annual Allowance (£50,000 – 2011/2012). These are pegged to remain at these levels until 2015/2016. All individuals will be able to fund up to these new attractive limits, although tax relief will be restricted for high earners. Schemes already in existence before this date will need to update their rules to allow some of the new flexibilities.

## Company pensions

Many companies offer a pension scheme to their employees. There are numerous different types available and usually the company will put some money into your pension if you decide to join.

It is important that you take into account your existing pension provision or that from your previous employer before making any decisions.

**In recent years the pensions industry has become more advanced in terms of the flexibility of investments available and the structure of the actual pension arrangements. It is an area of constant change and you should consult us regularly to make preparations for a secure and enjoyable retirement.**