



## ENSURE YOUR PENSION POT LASTS AS LONG AS YOU DO

Once in a blue moon your local newspaper salutes a local resident who has reached the grand-old age of 100. Yet by all accounts, local papers may soon have to devote an entire weekly page to people living to 100 because we are living much longer.

It will lighten many moods to learn that nearly a fifth of people living in the UK today are expected to celebrate their 100th birthday. To put that into numbers, that's around 10 million people. Three million of these are currently aged under 16, while 5.5 million are between 16 and 50, and 1.3 million are between 51 and 65. A further 875,000 of the projected centenarians are aged over 65 and have already retired.

(Source: <http://www.dwp.gov.uk/newsroom/press-releases/2010/dec-2010/dwp186-10-301210.shtml>)

---

## The pensions landscape has changed and people need to make the most of their savings

---

The figure is well up on the 11,800 people in the UK who are currently at least 100, while there are fewer than 100 people who are aged more than 110 (Source: Number of Future Centenarians, DWP, December 2010). But of course, people living longer will have an impact on our pensions and long term care systems and, perhaps more importantly, it will greatly affect your own plans.

The pensions landscape has changed and people need to make the most of their savings so they can sit back and enjoy their retirement. For the vast majority of people, a single pension provides the bedrock for their income. Now today it is more than that.

In the past, as people grew older their investment portfolios became risk averse. They reduced their exposure to equities and generally avoided investments that put their capital at risk. But times are changing and this may not be the most suitable strategy to adopt.

People are living longer, with many likely to work past the formal retirement age, which itself is set to increase to 67 from 65 between 2034 and 2036. Working longer could mean that turning on the income tap may not necessarily be given such a high priority for many in their early-50s, as there may still be a need to accrue capital.



---

## Paying your taxes all your life, you don't want to be needlessly paying HMRC after you have retired

---

In any case, if you're still working, whether full or part time, it may not be necessary to generate maximum income from your investments. If you take income unnecessarily, it could have a detrimental effect.

What's more, many people will have an assortment of different pension schemes having worked for different employers, while many will have also made the most of their Pep, Tessa and Isa tax allowances of the years. They need to turn this non-pension money into an income stream that might be needed for another 30 to 40 years.

There are also tax implications to consider, be it capital gains, inheritance tax or income tax liabilities. Many people assume that once they have hung up their working boots they will never have to pay tax again. This isn't the case – tax still has to be paid. Investors need to ensure they are using all their available tax-free allowances and ensuring they are paying as little tax as they need. After all you work hard, paying your taxes all your life, you don't want to be needlessly paying HMRC after you have retired.

The traditional ways of planning for retirement are past their sell-by date. How lavish, comfortable or tough your retirement years will be is going to be down to you. You simply cannot afford to rely on the state or your employer any more - generous final salary schemes are fast disappearing.

That's why it is important to get planning early. There is nothing stopping you from getting a clear view of your current position by establishing what your likely state pension entitlement would be. It is also worth contacting the pension trustees of your current and previous employers, who will be able to provide pension forecasts, as will the companies managing any private pension plans.

Examine whether you are on track or whether you may have to consider making extra contributions. Many companies that have replaced final salary schemes with defined contribution pension schemes contribute far less now, putting the onus on the employee to boost their pension pot.

It is great to think that we have a higher chance of living longer, but it means that we have to make our money work harder while we can – and the sooner you start the better.



**COMPLIMENTARY GUIDES**

INHERITANCE TAX	WEALTH MANAGEMENT	RETIREMENT PLANNING
		

Please call **01244 394203**  
to request your free guide.

**MERCER AND ASSOCIATES  
WEALTH MANAGEMENT LTD**

Member of the St. James's Place Partnership

4 Chantry Court, Chester. CH1 4QN  
Tel: **01244 394203**

Email: [info@mercerandassociates.co.uk](mailto:info@mercerandassociates.co.uk)  
[www.mercerandassociates.co.uk](http://www.mercerandassociates.co.uk)