

# YOUR AT-RETIREMENT GUIDE.

## DID YOU KNOW?

The UK wastes £1 billion a year in pension income from people not reviewing all their options at retirement\*. Taking time to review your retirement income options could increase your retirement income by 40% or more each year for the rest of your life\*. And it's never too early to start looking at your options.



Before making any decisions, make sure you shop around and seek professional advice, if possible. Take time to review and assess the choices available to ensure you take the best steps you can to secure the most appropriate income for your retirement.



A whole of market professional adviser will look at all the income options available to you from your pension and other investments and help you assess whether you have enough income for your retirement. They will identify the most appropriate pension income options and products which meet your needs, the amount of tax free cash available and whether under the triviality rules you are able to receive a cash amount rather than an income if your pension fund is small. They will also be able to advise whether you have any valuable annuity-rate guarantees that will be hard to match elsewhere in the open market.



There are a range of options available: For those looking for a guaranteed income for life there are standard and enhanced annuities. For those prepared to take some risk then investment-linked annuities or income drawdown maybe more suitable. There are other options that offer the flexibility to change your income at a future date if your circumstances change such as fixed-term annuities.



You also need to consider how you would like that income paid and there are various payment choices available. For example, do you want the income to be paid just to you, or do you want the income to continue to be paid to your spouse or partner, if you should die before them? Do you want to receive the income monthly or yearly? Do you want the payment to increase in line with inflation? Or increase by a fixed amount each year, for example 3% or 5% a year? Or maybe you want the payments at the same level? Do you want the payments to be guaranteed to be paid for a fixed period? Maybe paid for five or 10 years, regardless of whether you live or die.

There is a cost for including these options, which is paid for by reducing the starting pension income you receive. For example, providing a pension for your spouse or partner of half of your own pension should you die before them would result in approximately a 10% reduction in your starting income. If you wish the income you receive to increase in line with inflation that could result in a reduction of up to 40% in your initial starting income.

It's surprising how many options there are available and the number of decisions that need to be made. This is why it is just so important to start considering all the options as soon as you can, so you are in a position to make an informed choice on the retirement income you arrange. Leaving it to the last minute could mean that the income you arrange is not the best possible for you.

## DID YOU KNOW?

If you have an illness or health risk, for example if you are under or overweight, smoke or have high blood pressure or high cholesterol, you could be eligible for an enhanced annuity. These pay a higher income sometimes up to 40% more than an income a healthy person would receive. This is on the basis that you are not likely to live as long, because of your health or medical condition.



Coming up to retirement can be an unnerving time. Saying goodbye to a faithful salary slip if you are employed can make you feel insecure. For others it can be an exciting time with opportunities to do the things they've planned. However, you'll need to ask some very important questions to decide what next steps to take. So it's best to start planning as early as possible.

In the weeks leading up to your retirement date your pension provider will contact you sending you a pack with information on the actions you need to take. This is called a **Wake Up** or **Warm Up Pack**. The content of these packs varies but generally it will contain the following information:

- **A letter** that outlines your options, which tells you how much your pension fund is worth and stresses that you need to take action. It will highlight the importance of shopping around and it also has a contact number if you wish to call your provider for assistance.
- **A booklet** giving you more detail on the options available to you for your income including an outline of the different products on offer in the market.
- **A 'How to shop around guide'** designed to encourage you to consider to look around the market for the best deal for you and the importance of seeking financial advice.
- **A form** that you must complete, which tells your provider what you want to do. For example, take your fund as cash if it is small, buy a pension with your provider, shop around the market for the best deal or even delay taking your income.

Using this form you can request a personalised quote from your provider that will include the options you have chosen. For example, it could be a pension for your spouse or partner should you die before them, or choosing for your pension to increase each year in line with inflation. If you have no financial adviser, the best thing you can do is contact your provider to discuss your options.

- **Your health** If you are in poor health or have lifestyle health risks, you should ask for a medical questionnaire if one is not contained in your pack. By completing this questionnaire you may be able to significantly improve the income you will receive.

## Have a conversation

The best thing you can do is “talk to someone”, whether that is a financial adviser, your provider or other intermediary, as long as it is a knowledgeable person. Put aside some quality time to thoroughly look through your pack, as this is important. No matter how much you have saved in your pension to give you an income for your retirement, the decisions you take now have a significant impact on what income you’ll receive for the rest of your life. If you choose an annuity, as well as getting the best value on the market, you also need to make sure the options you choose are right for your needs.

### Have you...?

- ☐ Checked your yearly pension statements or asked your pension provider for an up-to-date copy to see how much your pension fund or funds are worth?
- ☐ Checked whether you have any pensions you’ve forgotten about? If you have more than one pension, you may be able to combine them. The government’s Pension Tracing Service (<https://www.gov.uk/find-lost-pension>) can help source lost pensions.
- ☐ Asked your pension provider for a quote to find out what your retirement income will be?
- ☐ Shopped around to see what other providers will offer? This is really important to compare income options available. The difference in annuity providers, for the same income options could be as much as 40%.
- ☐ Contacted your financial adviser for help if you have one? If you haven’t, find one using [unbiased.co.uk](https://www.unbiased.co.uk). Financial advice is always the best option. If you don’t want to use a financial adviser, contact your provider for help.
- ☐ Considered your state of health, which could result in extra income and have you completed a medical questionnaire? This is vital.
- ☐ Contacted the government to claim your state pension or requested a state pension forecast?
- ☐ Looked at all your income sources and decided if you have enough to live on and if not, what your options are? A financial adviser can help you here.



If you don’t understand or are concerned about the tax implications of retiring, then again seek financial advice, or Tax Volunteers may be able to help if you have a limited budget and are unable to pay for advice. Check details on [www.taxvol.org.uk](https://www.taxvol.org.uk).



Make an appointment with a financial adviser near you. You can search for an adviser on the [unbiased.co.uk](https://www.unbiased.co.uk) site. Find an adviser who suits your needs and goals, and don’t be shy about shopping around for the right adviser for you.

### Questions to ask an adviser:

- ☐ Are you an annuities specialist?
- ☐ What qualifications do you have?
- ☐ Do you have any testimonials from existing clients?
- ☐ Are you able to talk me through the process of reviewing my retirement income options?
- ☐ How many quotes will you get?
- ☐ How much will the advice cost?
- ☐ What happens if I decide to delay taking my retirement income?