

Private Client Enews – 5 July 2006

The changing face of retirement

The range of permitted investments for pension schemes has been increased, though certain 'prohibited assets' such as residential property, wine, art and cars are rightly excluded. This flexibility will make self-invested personal pensions ('SIPPs') the best option for many pension savers. It has been suggested that the pensions market is likely to polarise between SIPPs for larger funds and stakeholder pensions for smaller ones.

The freedom to make large lump sum contributions, combined with the extended range of investment opportunities and the ability to maintain pension portfolios after retirement, means that pensions have become just another savings vehicle. So pension investments will need to be managed in tandem with non-pension investments to cover multiple goals and contingencies.

No longer will it be necessary to follow the 'lifestyling' approach of progressively reducing the equity content of a personal pension fund in order to create the stable fixed interest holding appropriate for converting the entire value to annuity purchase at a given date. Individuals whose portfolios are structured in such a way need to review.

With ever-increasing life spans, retirement (or rather the switch from saving to disinvesting) is likely to become an increasingly long drawn out process. The over-60s are seeking on-going sources of earnings and may plan to delay drawing their pension benefits for as long as possible, meanwhile satisfying their income needs from ISAs and other tax-efficient savings. Alternatively, they may wish to use their ISAs to boost their pension contributions.

The opportunities are boundless – but more than ever, financial advice is imperative.

If you have any queries you can phone or email Glenn Smyth or Rod Smith on glennsmyth@boltburdon.co.uk or rodsmith@boltburdon.co.uk or phone 020 7288 4700. Our full range of services includes Financial Planning, Trusts Wills & Probate, Property, Matrimonial and Family Law, Commercial Law, Commercial Dispute Resolution, Debt Collection, Compensation Claim Litigation. Visit our web site at www.boltburdon.co.uk. To stop receiving this bulletin, reply stating 'unsubscribe'.