Getting to grips with retirement

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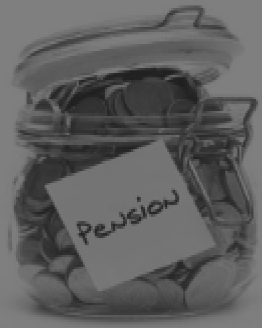

Investment strategy

Consolidation

- Bring your assets into one place to manage your withdrawal strategy
- Easier administration
- What can your existing provider offer?

Always check costs, penalties, loss of employer contributions and policy benefits first

It's important to understand that pension transfers are a complex area and may not be suitable for everyone. Before going ahead with a pension transfer, we strongly recommend that you undertake a full comparison of the benefits, charges and features offered. To find out what else you should consider before transferring, please read our transfer factsheet (www.fidelity.co.uk). If you are in any doubt whether or not a pension transfer is suitable for your circumstances we strongly suggest that you seek advice from an authorised financial adviser.

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Contributions

- Are you taking advantage of employer contributions?
- Are you using your full allowances?
- Pound cost averaging

Remember you cannot access money in a pension before age 55. High earners and those who have flexibly accessed a pension may have reduced allowances.

Tax treatment depends on individual circumstances and all tax rules may change in the future

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Investment strategy on run up to retirement

Years from retirement

- Regardless of how far from retirement you are you should always be thinking of your investment strategy
- Lifetime annuity or drawdown?

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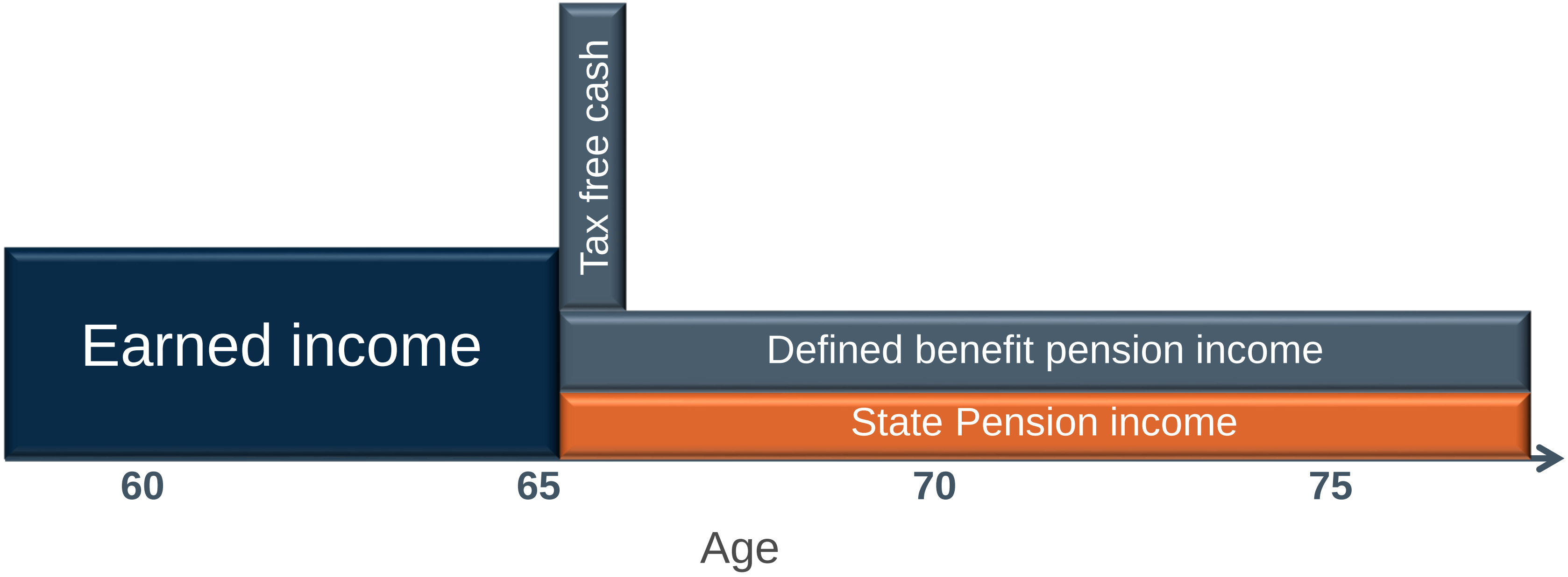
How retirement has changed

How retirement has changed - Life used to be simpler

Retirement and taking your pension were one and the same thing



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How retirement has changed

Three big differences have changed pensions and retirement

The rise of DC pensions

- Most company pensions used to be defined benefit (DB) – the amount of pension was known and "guaranteed"
- Nowadays most are defined contribution (DC) – how much goes in is known but what comes out is uncertain

Pension freedom

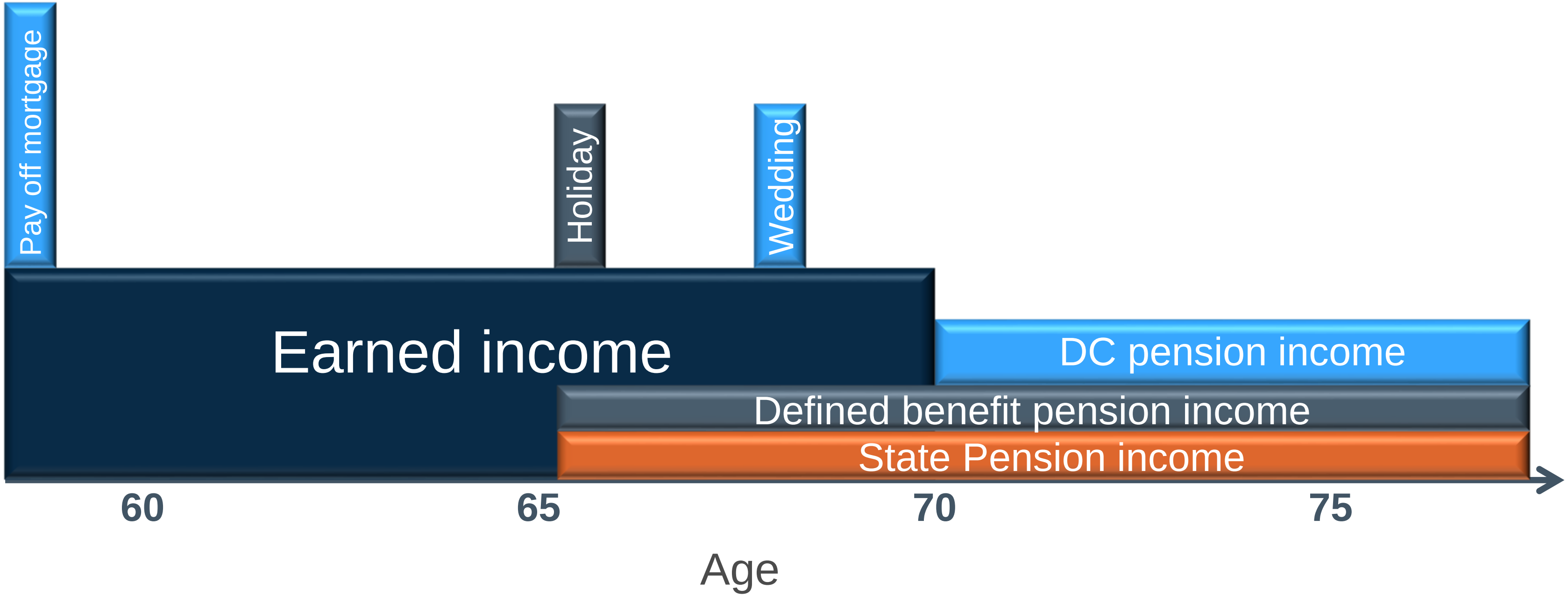
- Pre April 2015 most people used their DC savings at retirement to buy an annuity
- Since April 2015 people can take what they want, when they want and how they want it from DC pension plans

The death of retirement

- Most people used to stop work on a fixed date, often linked to State Pension Age but sometimes earlier
- Nowadays many move into retirement gradually working reduced hours and working beyond age 65

How retirement has changed

Income is not always the priority and early access is common



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At retirement

At retirement – What are your options

		Features				
	Strong alignment / Moderate alignment	Potential for income growth to keep up with **inflation**	Lifetime income that will not run out due to **longevity**	Predictable income that will not be subject to **market volatility**	Flexibility to meet changing needs and **uncertainties**	Ability to leave benefits for your **loved ones**
Income sources	**Drawdown**	Yes	?	?	Yes	Yes
	Lifetime Annuity	Yes	Yes	Yes	?	Yes
	Defined Benefit Scheme	Yes	Yes	Yes		Yes
	State pension	Yes	Yes	Yes		
	Combined income sources	Yes	Yes	Yes	Yes	Yes

The Government offers a free and impartial guidance service to help you understand your options at retirement. This is available via the web, telephone or face-to-face through government approved organisations, such as The Pensions Advisory Service and the Citizens Advice Bureau. You can find out more by going to pensionwise.gov.uk or by calling Pension Wise on 0800 138 3944.

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Flexi-access drawdown

Overview

- Retain control of your pension assets
- Leave your funds invested
- Flexibility on how and when you withdraw an income
- Ability to take lump sums and defer income
- Option to purchase a lifetime annuity at a later stage
- Ability to leave your pension to your beneficiaries

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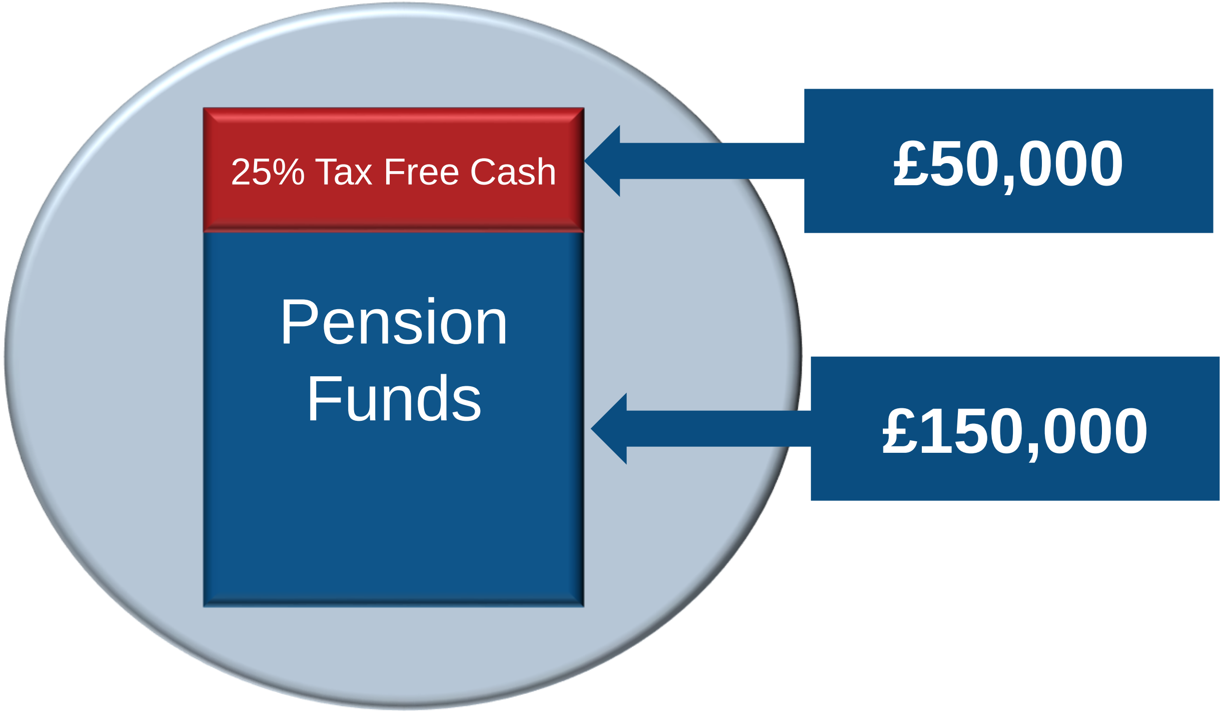
At retirement - Drawdown

Full Drawdown

Based on £200,000



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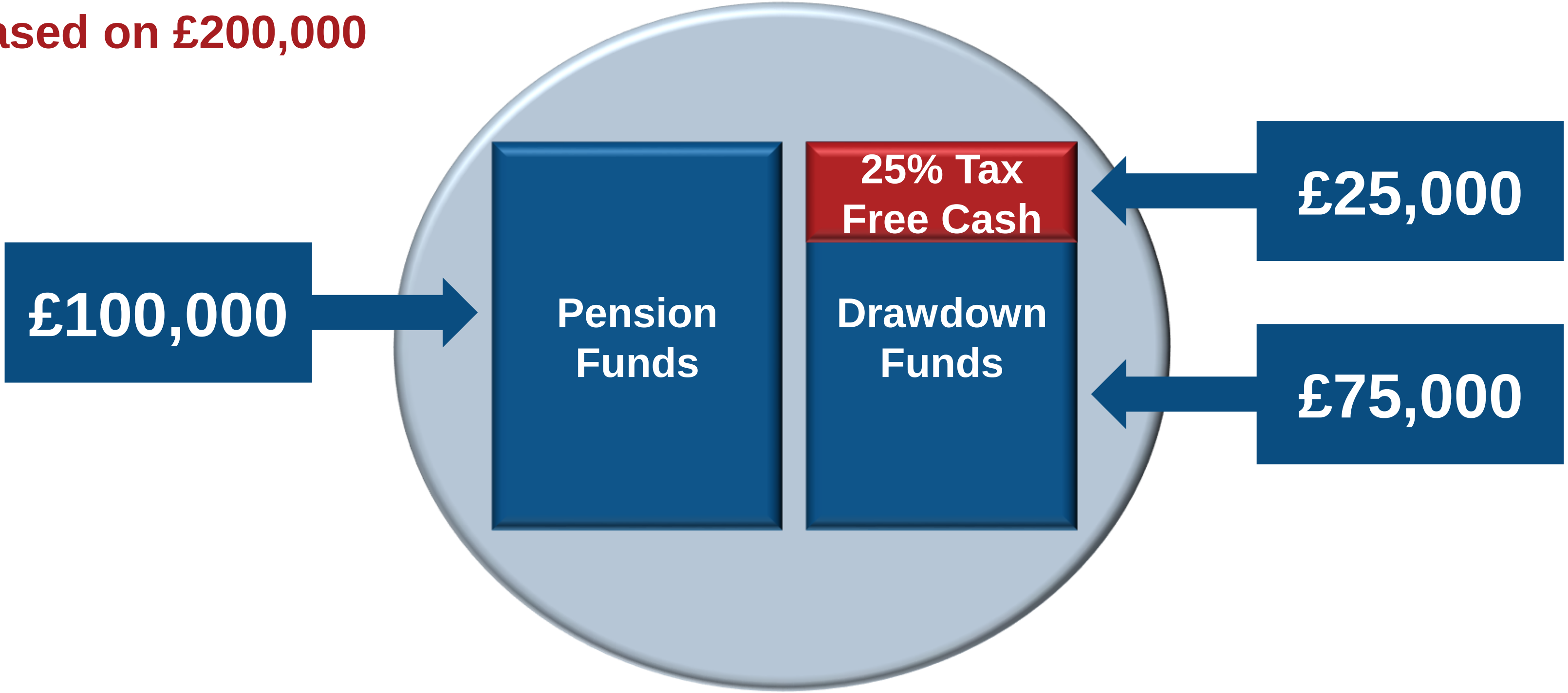
At retirement - Drawdown

Partial Drawdown

Based on £200,000



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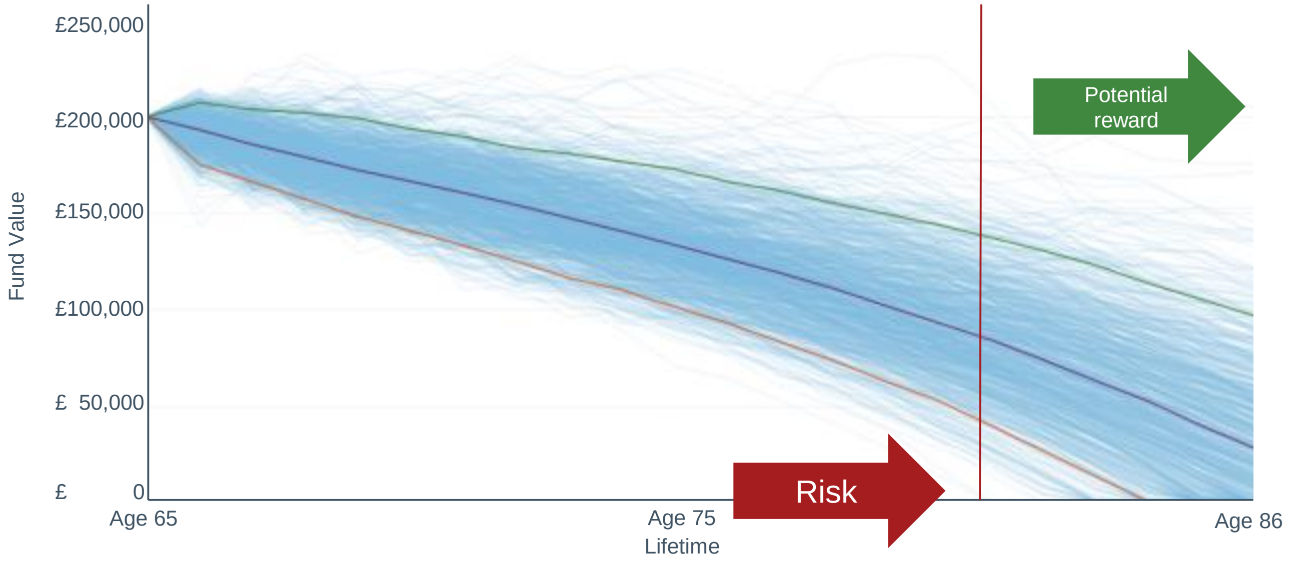
At retirement - drawdown

Regular income withdrawals - Risk vs Opportunity



Initial fund value: £200,000 **Income:** £10,000 per annum (before tax) increasing with inflation **Term:** Age 65 to life expectancy of 86

Source: Fidelity's Retirement Service Ltd. Life expectancy source: ONS based on a 65 year old male. Initial fund of £200,000 and no tax free cash withdrawal. Monthly gross income of £833.33 increasing with inflation. Portfolio: medium risk income generating multi asset funds.

Summary of drawdown

- Having the right investment strategy for your requirement is important
- Lump sum requirement
- Income requirement
- Tax efficiency

At retirement

Lifetime Allowance?

- £1,000,000 (£1,030,000 from April ‘18)
- Inflation adjusted
- Protection
- 25-55% Tax Charge
- Various tests over lifetime

HM Revenue & Customs

At retirement

What should you be thinking about?

- ✓ Make sure you have a clear retirement plan before doing anything with your pensions
- ✓ Decide what's essential and make sure you have guaranteed income to cover it
- ✗ Do you really need a large lump sum?
- ✗ Don't be in a rush to give up guaranteed income

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How can Fidelity help?

Advice and Guidance

You have some idea of what you will do – what now?

www.fidelity.co.uk

Fidelity Wealth

Fidelity Retirement Service

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Visit fidelity.co.uk

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