

The benefit of advice in the retirement planning process

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“The most far reaching reform to the taxation of pensions since 1921”



No going back

'..... in the United States, Australia and Denmark the government does not impose restrictions on how people access their pension savings...'

'.. there will be no restrictions on people's ability to draw down from their defined contribution pension pots after age 55'.



The retirement planning LANDSCAPE IN NUMBERS

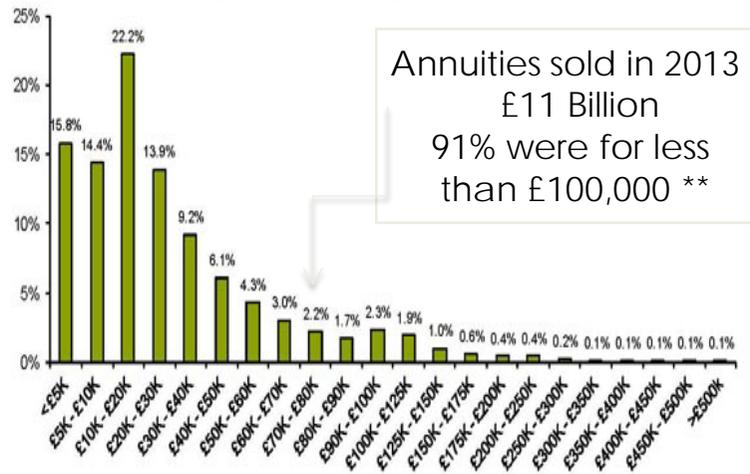
Money purchase Registered Schemes

10.5 million members

£0.6 trillion in accumulation

£14 billion into annuities in 2012

£1.2 Billion into drawdown



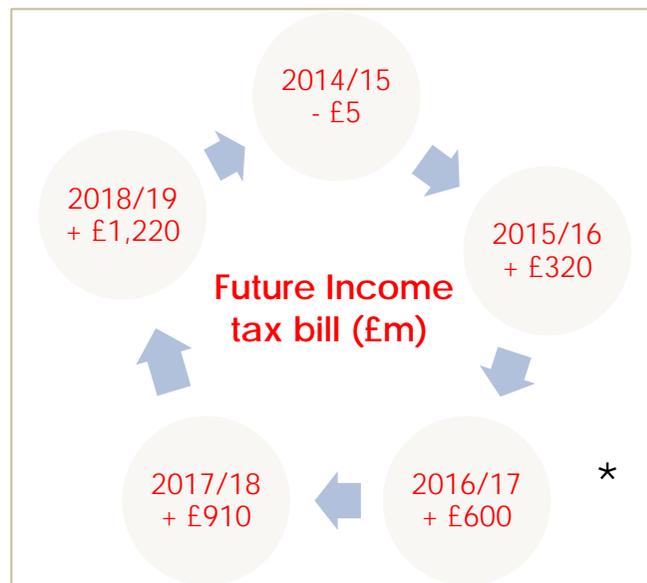
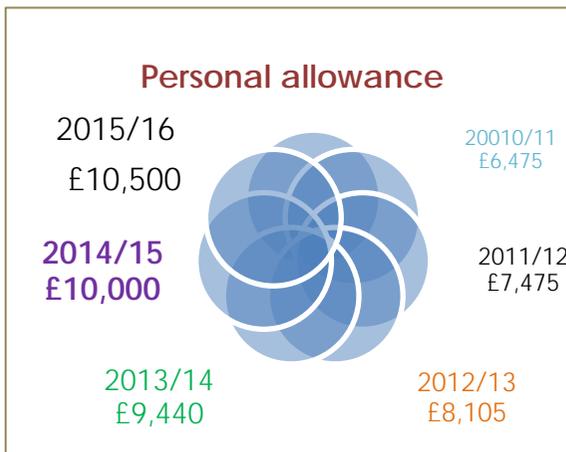
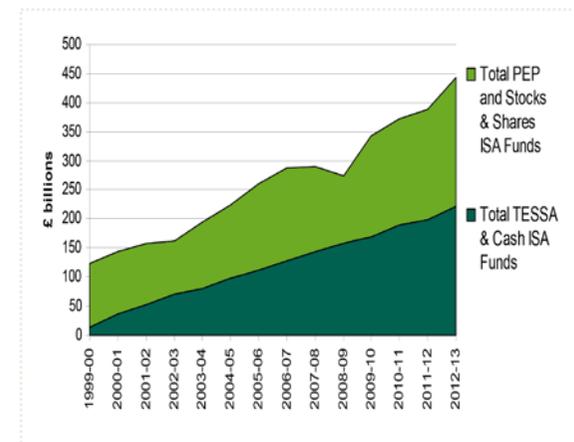
Annuities sold in 2013
£11 Billion
91% were for less than £100,000 **

ISA's to NISA's !

24 million people

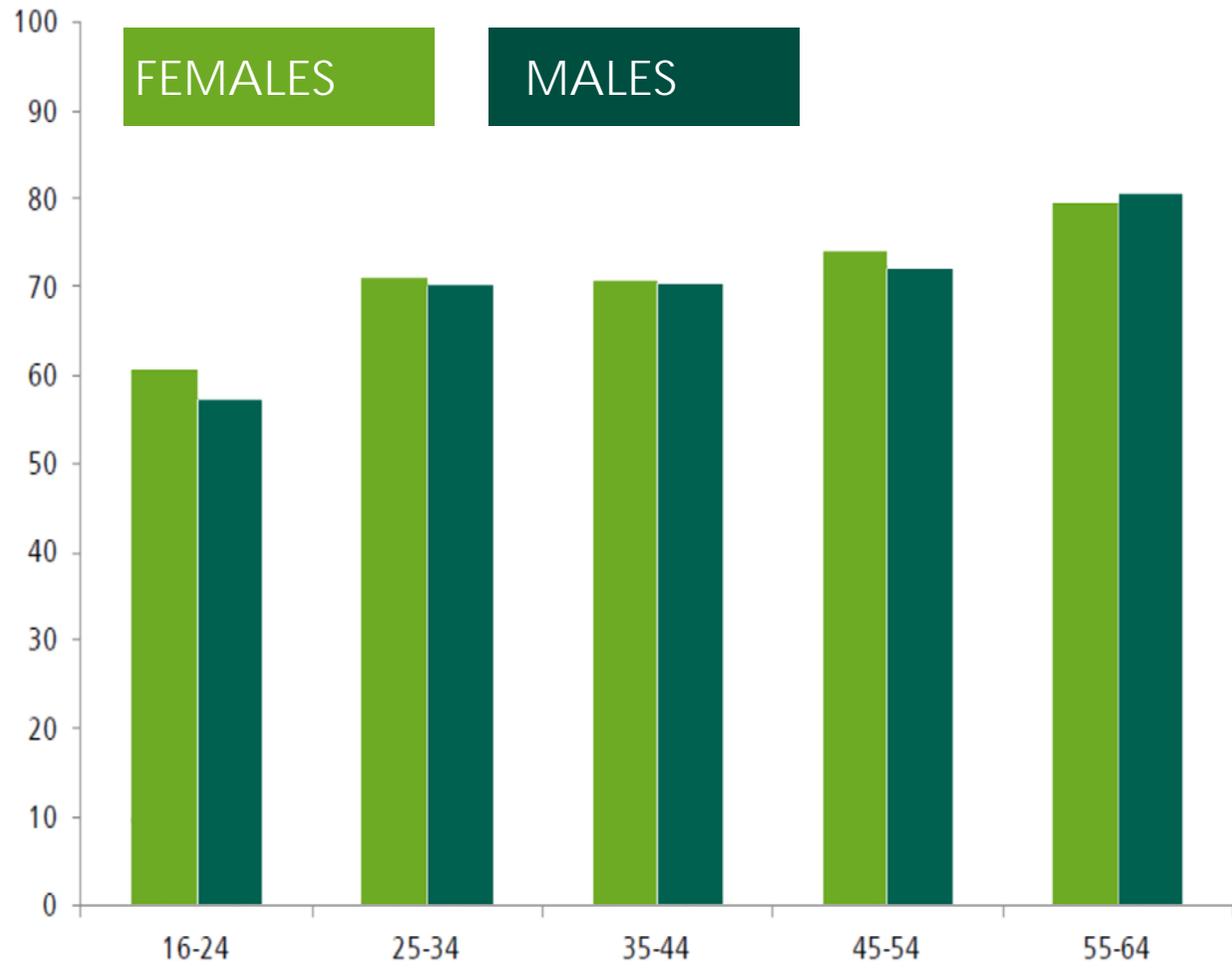
£443 Billion in funds ***

£15,000 new allowance



Sources: * OBR Estimate of income tax changes following budget announcement on pensions
** ABI/Bernstein analysis used on Robert St George press article for Citywire March 20th 2014
*** HMRC Individual Savings Account (ISA) Statistics September 2013
**** Thematic review on annuities, Foreword by Nick Poyntz- Wright

The Proportion of Individuals with a savings orientation



Source: Wealth and Assets Survey, Office for National Statistics

80% of UK Wealth is held by the Baby Boomers

Source: Daily Telegraph

£2 trillion assets in pension schemes and annuities – approx. 40%* held in sectors where the government propose additional flexibility

*Source: George Osborne Budget 2014 - assets to year 2011

The changing retirement landscape in detail....

Retirement journey will be different for the future

More people continuing to work beyond State Pension Age

Biggest sector of new business start-ups is from over 50's- mainly self-employed

Changing lifestyle means that people are working longer because either:

They need to or

They want to !



* Source: *Freedom and choice in pensions*



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The changing retirement landscape in detail....

State scheme changes

Later ages at which it becomes available
from 2016 – capped single tier accrual

Public Sector Pensions

The Hutton reports next phase
General outcome- reduced pension expectation and waiting longer to receive it



* Source: *Freedom and choice in pensions*

The changing retirement landscape in detail....

Private Pensions

New freedoms become available to access pension savings from age 55

All options won't be available from all existing products- clients may need to seek new pension wrappers to deliver required income solutions

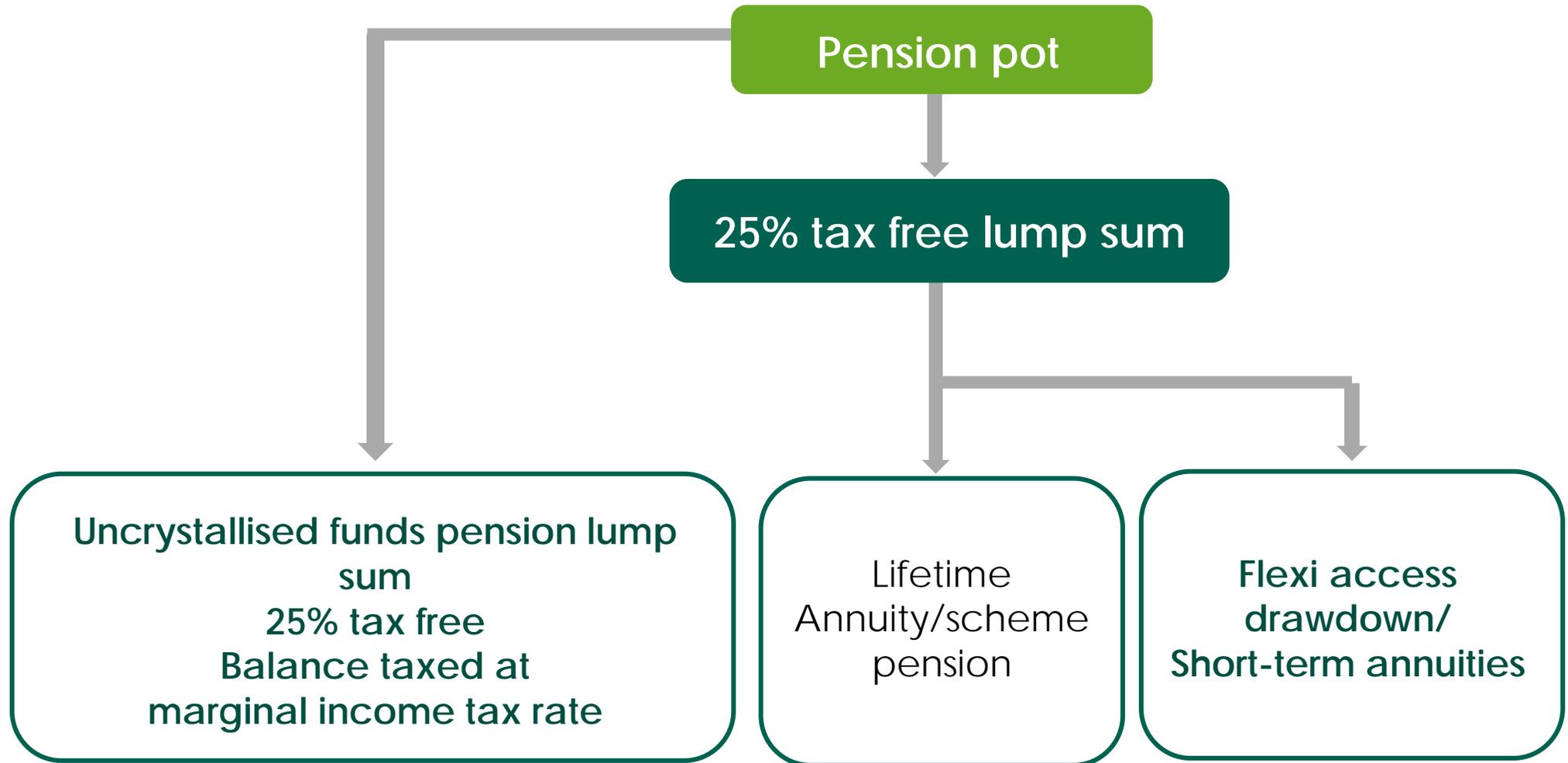
In some legacy products lifetime annuity will remain only available solution



* Source: *Freedom and choice in pensions*

Post April 2015 – money purchase withdrawals

the choice



Ongoing advice – anticipating the future...

Changes to death benefit taxation

Existing Position

	Death Pre 75	Death Post 75
Lump sum death benefit	Tax free if uncrystallised-55% if crystallised	55% tax charge whether uncrystallised or crystallised
Dependant's Drawdown	Subject to tax at dependant's marginal rate of income tax	Subject to tax at beneficiaries marginal rate

Position from 6 April 2015

Regardless of whether funds are crystallised or uncrystallised

	Death Pre 75	Death Post 75
Lump sum death benefit*	Tax free	45% tax
Beneficiaries Drawdown	Tax free	Subject to tax at beneficiaries marginal rate

*Current understanding is that this will also apply to capital protected annuities but not standard annuities

The changing retirement landscape in detail....

Guidance Guarantee

To be available at point of taking retirement decisions and free
From independent regulated bodies-
TPAS- Money Advice Service
Only guidance- not advice!
Will highlight wider retirement issues to consider- use of non-pension savings, long term care.
Choice for the consumer- get advice or DIY!



* Source: *Freedom and choice in pensions*

The Opportunities for Old Mutual Wealth

New rules will invigorate activity in pension market
More people will use pensions to help provide retirement income
People approaching the start of their retirement journey are / will be reviewing what they have and what income options their existing vehicles provide
Huge disturbance opportunity for financial advice



* Source: *Freedom and choice in pensions*

The Challenges to meet for the new retirement world

Create tools to show how tax efficient income planning from different forms of savings can provide best outcome for client specific needs

Provide increased education to consumers of how to use different forms of savings to build towards their target income needs

Link to tools to help illustrate what sustainable long term retirement income will look like- avoiding the road to ruin



* Source: *Freedom and choice in pensions*

How we are placed

Platform provides client access to ISA/
Pension and Collective Investment
savings wrappers
Combined with award winning
investment management solutions
through Old Mutual Global Investors
allowing choice to advisers of Self Select
or Wealth Select investment options
depending on customer needs
Bespoke retirement investment income
solutions through Generation Fund
solution



* Source: *Freedom and choice in pensions*



What we are developing

Income tool combining tax efficient use of Collective, ISA and pension savings to deliver target retirement income

Will highlight any sustainability issues based on assumed future investment returns

Will highlight effects on residual savings from looking at different ways in which income can be taken

Will allow advisers to use as part of ongoing client reviews



* Source: *Freedom and choice in pensions*

What we are developing

Extending income options on our Collective Retirement Account to meet the new world of April 2015

Already well placed with full range of drawdown options that currently exist and which will continue to have a place in the new world

New income options linked to customer needs of the future- drip feed regular income, irregular income needs



* Source: *Freedom and choice in pensions*



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Q&A

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