

# START PLANNING NOW FOR YOUR FINANCIAL FUTURE



Retirement planning – building a pension pot



**NFU Mutual**  
RETIREMENT PLANNING

# HOW MUCH WILL YOU NEED TO LIVE ON?

When you're thinking about retirement, it makes sense to get a clear idea of what you'll need to live on in the future and what your income might need to be.

The current full State Pension of £203.85 a week for the tax year 2023-24, is probably a lot less than you would need to retire on. Having a personal pension means you can build your own pension pot to be used in the future. You may well have saved in a number of different ways over the years and this can all make up part of your income in retirement.

You could be retired for over 20 years. It may be difficult to imagine what your life will be like then, but you need to be confident that you can fund the lifestyle you want.

Planning your income goals in retirement now, while you're still working, means you can look at what you've saved already and what steps you can take now to help ensure a better financial future.

You may find you're able to afford to add regular payments or lump sums into your pension pot. You'll want to think about how much money you're likely to need after you stop working, to achieve the lifestyle you want.

Some of the things to consider are:

- The cost of basics including food and clothing
- Housing costs
- Essential household maintenance costs
- Car costs including fuel, road tax, insurance and repairs
- Any extras for a comfortable retirement, such as health club membership
- The cost of supporting elderly relatives
- Additional luxuries for retirement including holidays and dining out regularly.

Once you've got a clearer idea of what your living costs will be, you can look at what retirement income you'll need to cover those costs. To find out more about how much you should be investing, have a look at the government's Money Helper website at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) and search for their 'pension calculator'.

# HOW MUCH IS IN YOUR PENSION POT?

Now is probably a good time to find out how much your pension savings are worth and get an idea of all your potential sources of income, as well as understanding when you are entitled to your State Pension.

Not everybody will receive their State Pension at the same age, it depends on your date of birth.

To find out your State Pension age visit [gov.uk](http://gov.uk) and search for 'state pension age'.

## **What if I have pensions elsewhere?**

You may have a number of pensions with previous employers or invested in different places and it may be beneficial for you to consider the pros and cons of amalgamating your pensions into one.

If you're unsure where your pensions are then you can use the pension tracing service, visit [gov.uk/find-pension-contact-details](http://gov.uk/find-pension-contact-details).

Alternatively, you may have received annual statements from your pension providers, which can help you understand what's already in your pension pot.

To help think about how much income you may be able to build for your retirement, you could spend some time reviewing your outgoings versus your income to determine how much you can afford to contribute to your pension pot now.

### **When it's time to take the benefits from your personal pension – what options are there?**

When you reach 55 (this will rise to age 57 from 2028) you can take money from your pension as you want to.

This could be a regular income, adhoc lump sums or variable withdrawals that you can switch on and off to suit your changing circumstances. Your NFU Mutual Financial Adviser can help you make the right choices.



## WHY CHOOSE NFU MUTUAL?

NFU Mutual has been helping customers since 1910. We've successfully built our business on practical, expert advice, backed by a local, personal service delivered through a network of agency offices.

We would always recommend taking expert financial advice about how best to build your pension pot. It's easy to think that you'll find all the answers by researching on the web, but pension decisions are too important to leave to chance.

Our Financial Adviser will explain all of your options and help you to create a unique, tailored plan which addresses your particular circumstances. It means an investment in time and money now, but it might ensure you have the lifestyle you aspire to in the future by making sound financial decisions, guided by an expert.



# EXPERT FINANCIAL ADVICE

All our NFU Mutual Financial Advisers are financial experts. They're available across the UK to help you get the most from your money, offering funds to suit a range of risk appetites. As well as our own funds, we offer a range of funds from a select number of other providers, giving our customers a choice of investment options. Our investment team manages funds of over £19 billion in a range of assets on behalf of our customers.

If you feel like you need some personal advice about your pension options, we'd be happy to explain the advice services we offer and the charges.

We can put you in touch with our expert team of NFU Mutual Financial Advisers who advise on NFU Mutual products and selected products from specialist providers.

To speak to us about your retirement options and building your pension pot and for more information, call **0800 622 323**. Or visit: [nfumutual.co.uk/buildpension](https://nfumutual.co.uk/buildpension)

# WHY INVEST IN A PERSONAL PENSION?

A pension isn't the only way to save for your retirement, but it does offer you a lot of benefits that you should know about when you're deciding where to put your money in the coming years.

NFU Mutual has a Select Pension Plan offering funds to suit a range of risk appetites.

## **Tax benefits**

Overall, a pension is one of the most tax efficient ways to invest for the long term but remember, the value of your investments can rise and fall and you may get back less than you invested.

## **What is tax relief?**

The taxman helps you save - for every £80 you pay into your pension, the Government currently pays an extra £20 tax relief making your actual contribution worth £100. The table opposite demonstrates the relief if you pay tax at the higher or additional rate. Please note, you must pay sufficient tax at the higher or additional rate in order to receive full tax relief at that rate. Tax rates may be different if you are a Scottish or Welsh taxpayer.



## Who claims back?

We'll claim basic rate tax relief on all your eligible contributions and add it to your pension pot. If you're in a higher rate tax bracket you'll need to reclaim the extra relief through your annual tax return.

The tax treatment of pensions depends on individual circumstances and may change in the future.

HMRC Tax payer rate	Your Contribution	Tax Relief	Claim Back
Non tax payer	£80	£20	£0
Basic	£80	£20	£0
Higher	£80	£20	£20
Additional	£80	£20	£25



## Things to be aware of

- This ‘annual allowance’ is based on your earnings for the year and is currently set at £60,000, however you may be able to go back up to three years and use any unused allowance. After 55, if you take a taxable sum from your pension pot this changes to £10,000 annual allowance
- Your pension can grow largely tax-free, any growth on your pension savings, while still invested, is free of UK Income Tax and Capital Gains Tax
- In most cases any money left in your pension on your death can be left to your family free of Inheritance Tax
- You can take up to 25% of your pension fund as a tax-free cash lump sum\* from age 55 (this will rise to age 57 from 2028). You can spend this money on anything you like or choose to save it for later
- The lifetime allowance is the amount of pension benefits that can be built up without incurring a tax charge, currently it’s unlimited.

Please remember that the tax treatment of pensions depends on individual circumstances and may change in the future.

\*In most cases, the maximum tax-free cash you can take across all your pensions is £268,275 unless you have registered for Lifetime allowance protection.



## PENSIONS AND YOUR BUSINESS

- If you run your own company, employer pension contributions can be a very tax efficient way of taking money out of the business. Normally the pension contributions you make as an employer count as an expense for Corporation Tax purposes
- As well as providing an income or access to lump sums from age 55 (this will rise to age 57 from 2028), pensions also provide the opportunity to pass on wealth to the next generations, in most cases free of Inheritance Tax and can be used as part of a business succession plan
- Your NFU Mutual Financial Adviser can also help with broader issues relating to financial planning for large or smaller businesses.



## OTHER BENEFITS OF PENSIONS

As well as the tax benefits, there are other benefits to having a pension.

- If you are a member of a workplace pension scheme, your employer will contribute. This will help you build up your pension fund faster
- You can currently take money from your pension at any time from age 55 (this will rise to age 57 from 2028). Some people choose to work past the State Pension age. Some may have to work longer as they haven't saved enough to retire on
- You can also take a break from investing if you need to or change your contributions at any time, but remember that this will affect the amount of pension you get.

# PENSIONS FOR YOUR CHILDREN

You can start a pension for your children and protect their financial future. It's simple and tax efficient.

A long term investment plan can provide them with a great start to their working career and later in life retirement plans. Contributing now to a pension for a child can help secure their financial future.

Remember when setting up a pension for a child, that the money cannot be accessed until retirement at age 55 (this will rise to age 57 from 2028).

Children have a pension allowance and even though they normally don't have enough income to pay tax, they can still benefit from tax relief. For every £80 contributed a further £20 will be added in tax relief, up to a total contribution of £3,600 each tax year.

Please remember that the tax treatment of pensions depends on individual circumstances and may change in the future.

# MONITORING YOUR PENSION

We have an online system called NFU Mutual My Investments, where you can monitor the performance of your Select Pension Plan, it's an investment platform, available through **[nfumutual.co.uk](https://www.nfumutual.co.uk)**

When you access the online service at any time you'll be able to securely:

- View your transactions
- Stay up to date with your fund valuations
- View your correspondence
- Hold multiple investments and see them in one place
- Pay money in with the help of your Financial Adviser or contact us directly
- View money paid in or taken out.



## A CHANGE IN YOUR CIRCUMSTANCES

Life is not always straight forward, we know your circumstances will change over time. Your Financial Adviser is set up to assist you with these moments when you may want to reconsider your financial situation, such as: you've recently inherited funds, have decided to downsize your home or received a windfall.

You may choose to use the additional funds to invest in your pension pot. Keeping in touch with your Financial Adviser when these moments in life occur, means your pension remains on track when you really need it.





# FREQUENTLY ASKED QUESTIONS

## **How will I know what to invest to get the income I need later in life?**

You may find it helpful to look at the Money and Pensions Service calculator which asks you a few simple questions to determine how much you may need to invest to have the income you need later in life, visit: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) and search for 'pension calculator' or speak to your Financial Adviser.

## **If I already have a pension pot elsewhere – can I combine and open a new one?**

Our Adviser will be able to help you consider your options, as your existing pensions may have guarantees or benefits built in or penalties if you move the pot. Therefore you would need to consider all your options carefully before you think about amalgamating your pension pots.

## What happens to my pension when I die?

When you die your spouse, civil partner or beneficiaries may be able to benefit from your pension. The rules for pension death benefits will vary depending on the type of pension you have and your age when you pass away.

## Is there a cost to taking advice from an NFU Mutual Financial Adviser?

To start with our Financial Adviser will sit with you and discuss your current financial situation, your assets, liabilities and any other investments you may have. Once this picture of your finances has been discussed, the Adviser will explain to you the relevant costs applicable, they will then develop a written financial report which will have recommendations of other products and services we believe would be right for your circumstances.



To find out more visit:

[nfumutual.co.uk/financial-planning](https://nfumutual.co.uk/financial-planning)



## NEXT STEPS

To speak to us about your retirement options and for more information, call



0800 622 323

Or visit:



[nfumutual.co.uk](https://nfumutual.co.uk)

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.

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