

FINANCE

with Stefan Wissenbach, chairman of
of THE WISSENBACH GROUP



Be prepared for pensions

Make your plans now and don't let retirement take you by surprise

Last year the so-called 'A-Day' heralded the most sweeping changes to pensions legislation for 100 years. Yet while it has put the need for retirement planning firmly back on the map, the assumption that all high earners are now fully prepared is somewhat misplaced.

Recent research by Buck Consultants, one of the world's leading human resource and benefits consulting firms, showed that 73 per cent of employers consulted had not offered alternative pension or other benefit provision to employees affected by the new Lifetime Allowance of £1.6m.

Therefore, by no means are all high earners prepared, and there is still a long way to go. Nevertheless, there is no doubt overall that A-Day and Gordon Brown's U-turn last year on what assets could be held in a pension both went a long way towards getting people to realise that they had to save for retirement. This has led to the concept of retirement planning becoming the 'in-thing' to be doing.

The new rules on pensions were wide ranging and the result has been the introduction of a single, simple system to replace a number of previously complex regimes. This has made planning for retirement and taking control of pensions much easier for people.



To recap, the main changes were:

- A lifetime allowance of £1.6m increasing to £1.8m by 2010.
- Contributions limited to 100 per cent of salary with a maximum of £225k per annum increasing to £255k by 2010.
- Retirement age moving to 55 from 2010.
- Tax free cash 25 per cent of your fund

Young high earners in particular have realised the benefit of starting early and boosting contributions since A-Day. As an example, our business has seen a big increase in young high earners maximising contributions, with individuals recognising that

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starting at 25 rather than 35 makes a difference.

Before A-Day, pension planning was not at the forefront of everybody's minds particularly with changing market conditions and the introduction of stakeholder pensions. However, its arrival and the radical changes it has brought about to the system has brought pensions to the top of the agenda and created fresh awareness. ■

Stefan Wissenbach is chairman of the Meriden-based Wissenbach Group, a wealth management and investment specialist consultancy which offers innovative financial strategies and advice to high net worth clients.

