RETIREMENT

Only 11% of women feel confident about their retirement savings.

Source: Schroders - Women and Wealth Report 2025

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Only 11% of women feel confident about their retirement savings. That number should be higher – because retirement isn’t just a dream, it’s a goal you can plan for. Saving for the future means creating options, freedom and peace of mind. Whether you’re just starting out or picking up momentum, every step counts. Build a plan that helps you feel secure, confident and in control of your retirement.
Approved by The Openwork Partnership on 15/05/2025. Source: https://www.spw.com/women-and-wealth

Pension Freedom

Making sure you make the right decisions about your future

The freedom granted by the pension changes is good news for all pension savers. However, the increased options could lead to many people making the wrong decisions and paying unnecessary tax, making professional financial advice all the more important.

Your choices at retirement

Freedom over how you take your tax free cash. Most people can take up to 25% tax-free cash from their pension. You can either take the tax-free cash all in one go or have a portion of any withdrawals you make paid tax free. So, if, for example, you have a pension fund worth £100,000, you will have the choice of:

— Taking £25,000 tax-free cash all at once, with any subsequent withdrawals taxed as income.

— Making a series of withdrawals over time, receiving 25% of each withdrawal tax free. For instance, if you take lump sum withdrawals of £1,000 a month you would receive £250 of each payment tax free with the rest subject to income tax. This could help you manage your tax liability.

Approved by The Openwork Partnership on 10/03/2025

Flexible access from age 55

Those aged at least 55 have freedom over how they take an income from their pension, over and above any tax-free cash. The choices on retirement will be to:

— Take the whole fund as cash in one go.

— Take smaller lump sums, as and when needed.

— Take a regular income.

The latter could be via income drawdown, where you draw directly from the pension fund which remains invested, or via an annuity, where you receive a secure income for life.

Any withdrawals in excess of the tax-free amount will be taxed as income at your marginal rate. So, if you are a basic-rate (20%) taxpayer, any income you draw from your pension will be added to any other income you receive (e.g. your salary). This could push you into the higher (40%) or even top-rate (45%) income tax bracket.

Choosing to take the pension out in stages, rather than in one go, could help you manage your tax liability. It should also be possible to take the tax-free cash straightaway and the taxable income via income drawdown at a later date.

Restrictions on how much you can contribute to pensions

Pension contributions are subject to a £60,000 annual allowance and specific contribution rules.

However, if you make any withdrawals from your pension in addition to any tax-free cash, contributions to defined contribution plans are restricted to £10,000.

For every £2 your adjusted income goes over £260,000, your annual allowance for that year drops by £1. The drop is limited so that the minimum tapered annual allowance you can have is £10,000.

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Income Drawdown carries significant investment risk as your future retirement income remains totally dependent on your pension fund performance. Pension Drawdown may not be suitable for everyone.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

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Retirement ages to increase

The age at which you can draw your pension is currently 55. This is set to increase to 57 from 2028 and, from then, will increase in line with the rise in the State Pension age, albeit remaining 10 years below.

Tax treatments

The tax treatment of any pension you pass on will depend on certain factors including the age at which you die. Currently:

— If you die before age 75, any money left in your pot will be passed onto your beneficiaries tax free in most circumstances. This can then be taken as a lump sum or as retirement income.

— If your pension hasn't been touched and you die before age 75, your beneficiaries may have to pay tax if they do not use the money within the two years of the provider being made aware of the death.

— If you are 75 or older when you die, the pension money will be taxable. Depending on how and when your beneficiaries take the money, the tax charge may vary.

There are three options for your beneficiaries if you die after 75:

— Take the whole fund as cash in one go, this will however be taxed at your beneficiary's marginal rate.

— Take a regular income through an income drawdown or an annuity. The tax on these will be charged at your beneficiary's marginal rate.

— Periodical lump sums through income drawdown. The lump sum payments will be considered as income and therefore will be subject to income tax at your beneficiary's marginal rate.

Currently, funds can be used to not only support the people in retirement, but enable one generation to support the next and beyond.

The Government has announced its intention to make changes to inheritance tax (IHT) on pensions. From April 2027, most pension funds will fall into the estate for IHT purposes. Any funds that pass to a spouse or civil partner will remain free of IHT on first death.

If you're looking to access your pension or you'd like advice on your new pension choices, please get in touch.

May 2025 | Market update

Markets recover despite ongoing tariff turmoil

Investor sentiment improves after early-April volatility sparked by US policy shifts

Policy signals calm markets. Global markets regained ground after a shaky start to the month, as concerns over the impact of US tariffs began to ease. Markets were initially rattled by uncertainty surrounding President Donald Trump's trade measures, but sentiment improved after Washington signalled a softer stance.

Bond markets were also volatile, with US Treasury yields surging (which means bond prices fell) on fears about the economic fallout. Confidence returned after Trump announced a 90-day pause on higher tariffs for most countries, although levies on China still rose by 145%. The US dollar slid to a three-year low after Trump intensified criticism of Jerome Powell, the chairman of the US central bank, the Federal Reserve.

The US economy shrank by 0.3% in the first quarter of 2025, largely due to companies rushing to import goods ahead of the tariffs. This compared with a 2.4% growth in the economy in the previous quarter. US inflation fell by more than expected in March, dropping to 2.4% from 2.8%, though economists warn prices could rise again as imports become more expensive.

Meanwhile, the labour market remains solid, despite federal workforce cuts. But falling consumer confidence and weakening indicators are fuelling fears of a sharper slowdown. The broad scope of the tariffs is adding to uncertainty, with growing concern the US economy could tip into recession.

UK economy surprises with modest growth. The UK economy grew by 0.5% in February, exceeding expectations and offering a boost for Chancellor Rachel Reeves. Still, escalating trade tensions and domestic headwinds mean the outlook remains fragile.

UK inflation eased to 2.6% in March from 2.8%, offering a glimmer of relief for households and businesses. With risks to economic growth mounting, markets now expect the Bank of England to cut interest rates in May, with more reductions likely later in the year.

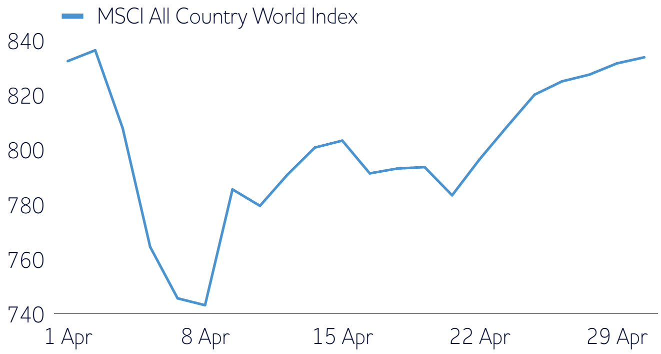
The UK jobs market is showing signs of strain. Vacancies fell to 781,000 in the first quarter, and payroll numbers also declined. Average pay rose 5.9%, but recent increases to National Insurance and the minimum wage are expected to weigh on employers. The unemployment rate held steady at 4.4%.

Trade tensions drag on European outlook. Prospects for euro area growth have weakened as global trade tensions intensify. The region's economy stagnated in April, with the services sector slipping back into contraction. Business confidence dropped to its lowest level since November 2022, hit by Trump's tariff actions. Germany, the bloc's largest economy, saw activity decline after three months of expansion.

Meanwhile, China's economy grew 5.4% in the first quarter, fuelled by consumer subsidies and a rush of exports ahead of new tariffs. But the outlook is less certain as trade barriers bite. Without more government support, hitting China's 5% growth target may prove difficult. Exports, which are responsible for a third of 2024's growth, are expected to fall. Export shipments jumped 12% year on year in March, while industrial production rose 6.5% in the last quarter. But the struggling property sector continues to weigh on the economy

Figure 1: Markets stumble, then steady

After falling as much as 12% in early April, global equity markets rebounded to finish the month close to where they began.



Source Bloomberg

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