

If you pay income tax, you can pay some of your earnings from a business or an employment into a pension plan and wipe out your tax bill on that income. The limit is 100% of your earnings or £50,000, but if you've paid less than £50,000 in the last 3 years you can use the balance to top up your fund.

Example

Kim has had a good year in 2011/12 – profits of £200,000. She has only paid pension premiums of £5,000 a year. She can use the current limit of £50,000 and three years' worth brought forward at £45,000 - £185,000.

If you put money into a pension plan, you don't pay any tax on income and gains while it's there – but there are restrictions on how much you can take out as a lump sum and how much has to be used for a pension when you retire. It's important to take advice on your choices, as the rules have changed recently.

How we can help

Many people don't make a proper plan for retirement because it's hard work. You need to get your mind around so many things, some of them uncertain and years in the future.

We can help you organise the information you need and make realistic assumptions. We can make sure you have thought through the plan so that it covers everything that it should. We can advise you on getting the most out of the tax breaks available on your plans, whether for your savings or your business. You bring the daydreams and we'll help with the hard work!

OUR SERVICES

Essex Abel are here to help guide you through the issues detailed in this guide or any other business or taxation issue you may have.

We offer a FREE initial consultation to discuss your individual requirements, from which we will be able to provide a clear and concise plan of action to address the issues discussed.

All our clients (whatever their size or needs) all have something in common – they receive the same professional, reliable, friendly, quality service that forms the basis of our core business values.

We offer an extensive range of services, including the following:

- Tax Planning Advice
- Tax Returns
- Business Start-up Support
- Business Plans & Forecasts
- Year End & Management Accounts
- VAT Returns & Bookkeeping
- Payroll & CIS Bureau
- Statutory Audits
- Company Secretarial Services

For further information on our services, please see our website www.essexabel.co.uk or contact us directly on 01509 267827

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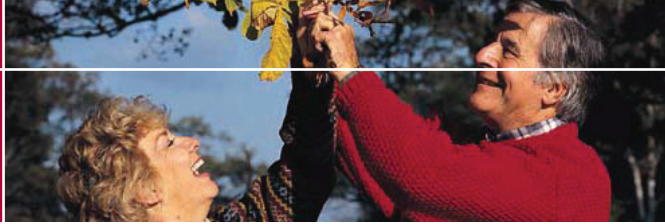
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Retirement Planning



Essex Abel
accountants • business advisors

Retirement Planning



Imagine... It's the first day of your retirement. What will you be looking forward to? Gardening and television, restaurants and theatre, or travelling and adventure? What car do you think you will be driving? Where will you live? Do you want to give financial help to family members?

If you want this to be more than a daydream, you need to make a plan. We can help you to make that plan.

What will it cost?

Daydreams are free, but making them happen costs money. You need to think about your likely living costs – they'll change when you stop working. Add to that the cost of what you would like to do and occasional big items like a new car – then you have an idea of the pension you will need.

It's also important to think about the long term – you may need rainy day money for unexpected items or for residential care later on.

Living costs
+
What you want to do
+
Big items
+
Rainy day money

Where will it come from?

If you've thought about how much retirement will cost, you're already a long way ahead of most people. The next step is to think where your pension will come from.

It won't take you long to see that the basic State pension – about £5,300 a year – won't pay for many daydreams. So what are your options?

What have you got already?

You might think about selling your house and moving into somewhere smaller. That could work, as long as it fits in with your plans. You need to be realistic about how much you could realise and how much pension it would bring in.

If you have a business, you might sell that when you retire. You need to think about that a long time ahead – how to maximise the value and minimise the tax you could pay.

If you are a member of an employer's pension scheme, it's very important to know what the benefits will be – and whether there is anything you can do to increase them. If you are lucky enough still to be in a "final salary" scheme, you don't want to do anything that will cut your salary in the last few years of your job.

If you have savings, including personal pension policies, it's easy to leave them quietly growing from when you buy them to when you cash them in. You are likely to

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do better if you review them every year. Don't assume they are invested in the best place.

Lastly, paltry though it may seem, the State pension is still a solid basic income, and it's worth making sure that you know how much you are entitled to. You can find that out by asking the The Pension Service – they keep the records over your whole working life.

Remember that the State Pension age for women is being raised to 65 – the same as for men – over the next few years. The government plans to put both up to 66 by 2020. So you need to think about 'when' as well as 'how much'.

House
+
Business
+
Employer pension
+
Personal pensions and savings

What's the difference?

Too many people reach retirement with only a hazy idea of what they need to make their dreams real. That's too late. If you think about it long enough in advance, you can set about filling the gap between what you've got and what you need. The taxman will help. Even if you pay no tax at all, you can get £720 in tax rebates paid into a pension plan if you put in £2,880 this year.