

Personal and Stakeholder Pensions

Personal Pensions represent a popular and attractive way of saving for your retirement.

All monies invested into your fund grow free of Capital Gains Tax, and the contributions you make are enhanced by Income Tax relief at source. For example, if you invest £80, the government adds on tax relief (currently 20%) to enhance your contribution to £100. If you are a higher rate taxpayer, you can claim additional relief through your PAYE coding. An Annual Allowance of up to £40,000 is available as well as the possibility of utilising potential carry forward of unused Annual Allowances.

A personal pension is an arrangement made in your name over which you have personal control. You can alter your contributions, suspend them, or stop them completely. Contributions are restricted to £4,000 under these plans where an individual has already flexibly accessed any income under another money purchase plan.

You will be eligible to take 25% of your accumulated fund tax-free when you retire, the earliest age being from 55. There are a range of options when you decide to take benefits such as purchasing an annuity or electing capped or flexible drawdown.

Personal Pensions usually offer a range of investment mediums to suit your attitude to investment risk, and you can change your investment at any time.

Stakeholder pensions are similar to personal pensions, but have their charges capped at 1.5% for the first 10 years, reducing to 1% thereafter. Whilst stakeholders are generally considered a little cheaper than personal pensions, investment choices may be restricted.

Pensions are a long-term investment. You may get back less than you put in. Pensions can be and are subject to tax and regulatory change therefore the tax treatment of pension benefits can and may change in the future.