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# New pension landscape

Are you ready for the responsibilities of being in complete control over all of your money?

On 6 April this year, 'pensions freedom day', the pension landscape changed forever. From this date for the first time ever, individuals were given complete control over all the money in their 'defined contribution' retirement savings plans, whether large or small.

## NEW FREEDOMS

What is crucial is that you approach withdrawing your money in an informed and tax-efficient way. Research from retirement specialists MGM Advantage finds that just 1 in 8 (13%) of those aged over 55 intends to make use of the new freedoms by withdrawing cash from their pension pots above the 25% tax-free allowance.

The research, carried out by ComRes, reveals that 60% of respondents do not plan to take advantage of the new freedoms and cash in their pension pots, with a further 27% undecided. Those over 55s who were not intending to make use of the freedoms said they either did not need the money now (40%) or wanted to keep their pension invested and draw from it when needed (29%).

## MORE OPTIONS

The new freedoms have opened up many more options for those approaching retirement, but just because those options are available, it doesn't mean taking them up is necessarily an attractive option or the right thing to do.

Tax issues are a concern for some retirees, with 16% of those not taking cash above the tax-free limit citing the desire not to pay extra tax when drawing money. 1 in 5 (19%) of people not taking the cash above the tax-free limit stated that, instead of taking all their money in cash, they would look to secure a lifetime income with their pension savings.

## MEASURED APPROACH

Although the majority of people appear to be taking a measured approach, just over one in eight will potentially take their money. Given the number of people in the UK retiring each year, that could equate to over 50,000 people. Depending on their circumstance, those opting to take the cash could easily find themselves paying significant amounts of tax.

## MAKING THE BEST DECISION FOR YOU

More freedom and choice represents an excellent opportunity for people, but it also means more complexity and responsibility. If applicable to your situation, it's vital that you obtain the information you need to make the best decision for you. The Government's Pension Wise service is a good start, but professional financial advice is also the key to helping you find the right approach for your individual circumstances. If you would like to review your current options or have any further questions, please do not hesitate to contact us.

### Source data:

Research conducted by ComRes with 1,000 UK residents aged 55 and over who are not retired. Data was weighted to be representative of the known profile of UK adults aged 55+ who are not retired. The fieldwork was carried out online between 27 February and 5 March 2015.

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