



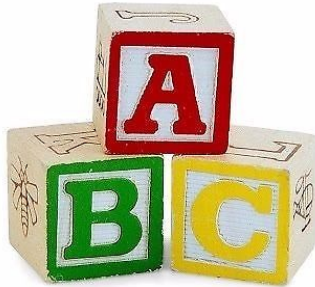
Understanding pensions

Steven Scott FFA

25 April 2019

Today's session

Pension basics



Your Scheme benefits



Transfers



Risks



Advice

We can...

- » Provide information on your pension entitlements
- » Provide information on the options you have
- » Set out some high level considerations you may wish to make when deciding how to access your pension savings

We cannot...

- » Provide individual financial advice

***If you require individual advice, you should contact
an independent financial advisor***



» Pension basics



Why save for a pension?



Your changing income needs



When working

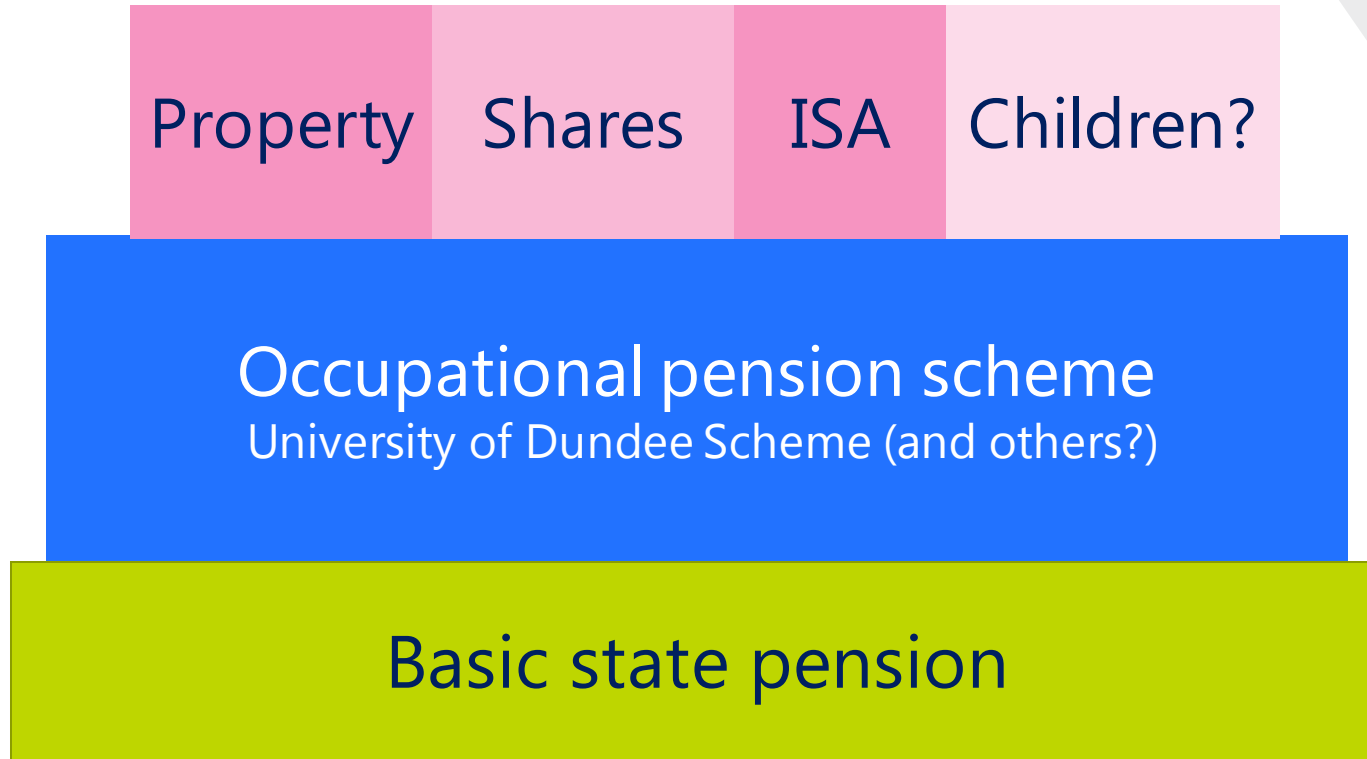
- ↑ Housing
- ↑ Raising family
- ↑ Entertainment
- ↑ Food and drink
- ↑ Savings
- ↑ Utility / insurance
- ↑ Holidays / travel
- ↑ Commuting
- ↑ Clothing
- ↓ Health

In retirement

- ↑ Holidays / travel
- ↑ Supporting family
- ↑ Health needs
- ↑ Utility bills / insurance
- ↑ Recreation & culture
- ↓ Housing
- ↓ Food and drink
- ↓ Commuting
- ↓ Savings
- ↓ Clothing

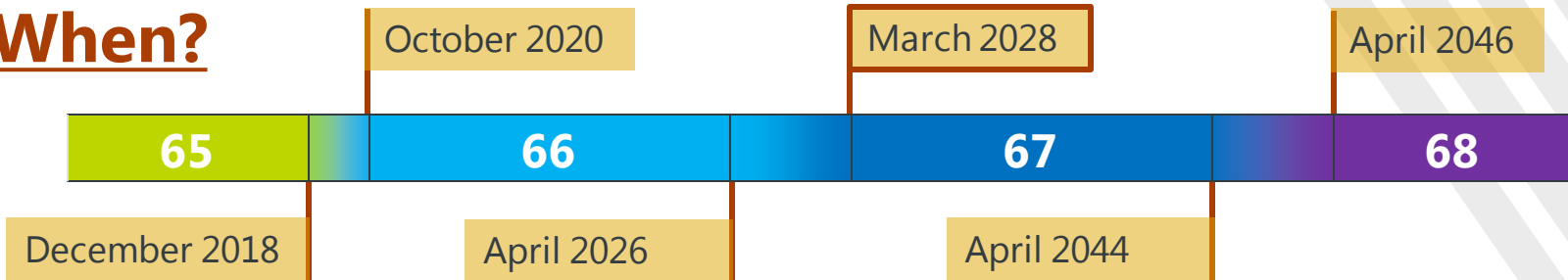


Planning for your retirement



State Pension entitlement

When?



What you receive



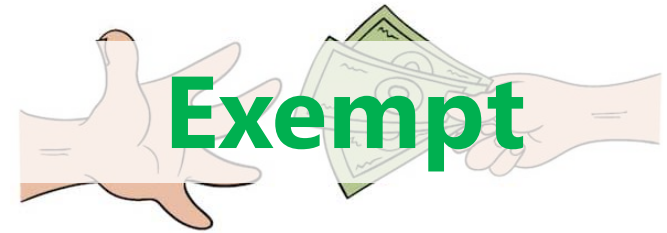
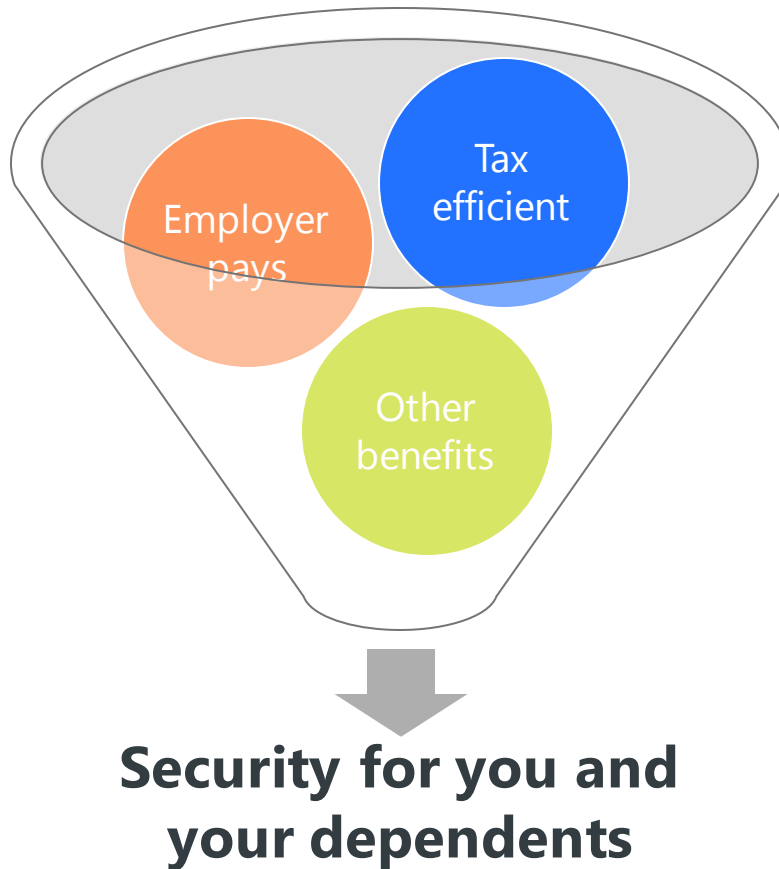
Maximum
(35 qualifying years)

Minimum
(10 qualifying years)

How it grows



Why join the pension scheme?

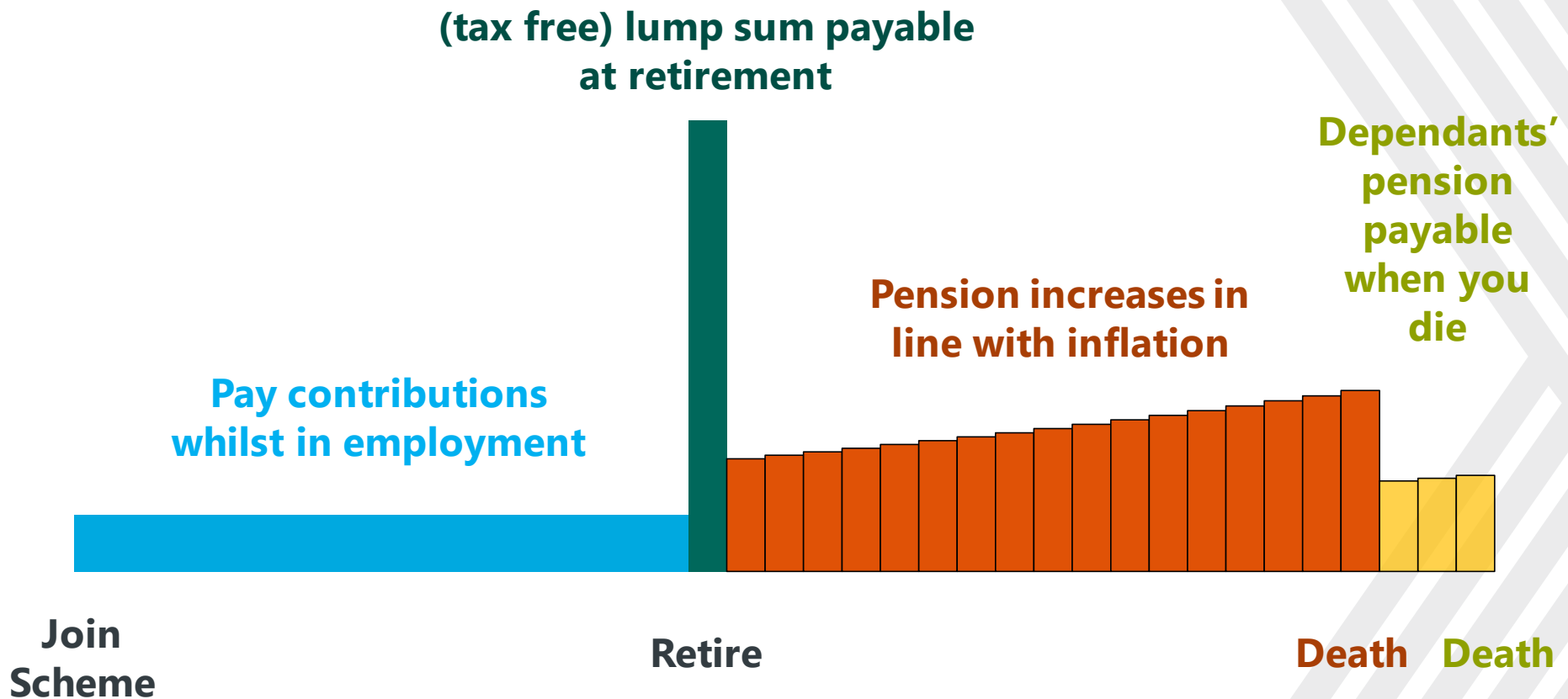




» Your Scheme benefits



Defined Benefit (DB) pension scheme



The Scheme promises to pay you a specific pension based on your service and salary

University of Dundee Superannuation and Life Assurance Scheme - Benefits



Retirement pension



1/80ths of your salary each year of service

Pre August 2011 service linked to final salary

Post August 2011 service linked to inflation

Inflation linked pension increases in retirement

Frozen pension if leave service before retirement

Tax free lump sum



Additional cash lump sum of 3 times your pension at retirement

Able to give up pension for a higher tax free lump sum (subject to limits)

Can take 25% of the value of pension benefits as a tax free lump sum

Lump sum is NOT subject to income tax

Protection benefits



In service – Refund of contributions, tax free lump sum (4 * salary) and a pension for your spouse and any young children

In deferment – Refund of contributions and a pension for your spouse

In payment – tax free lump sum if you die within 5 years of retirement and a pension for your spouse and any young children.

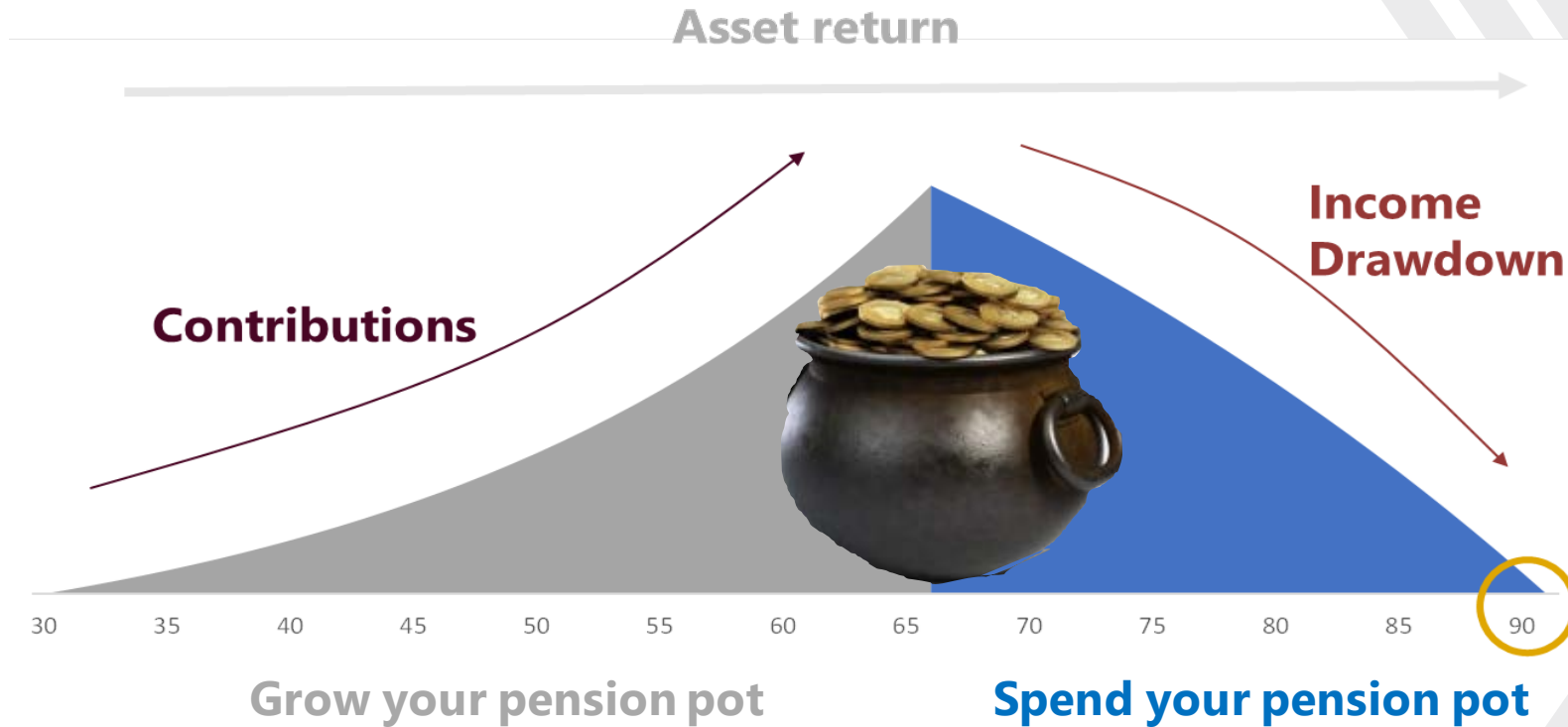


» (Pension) Transfers



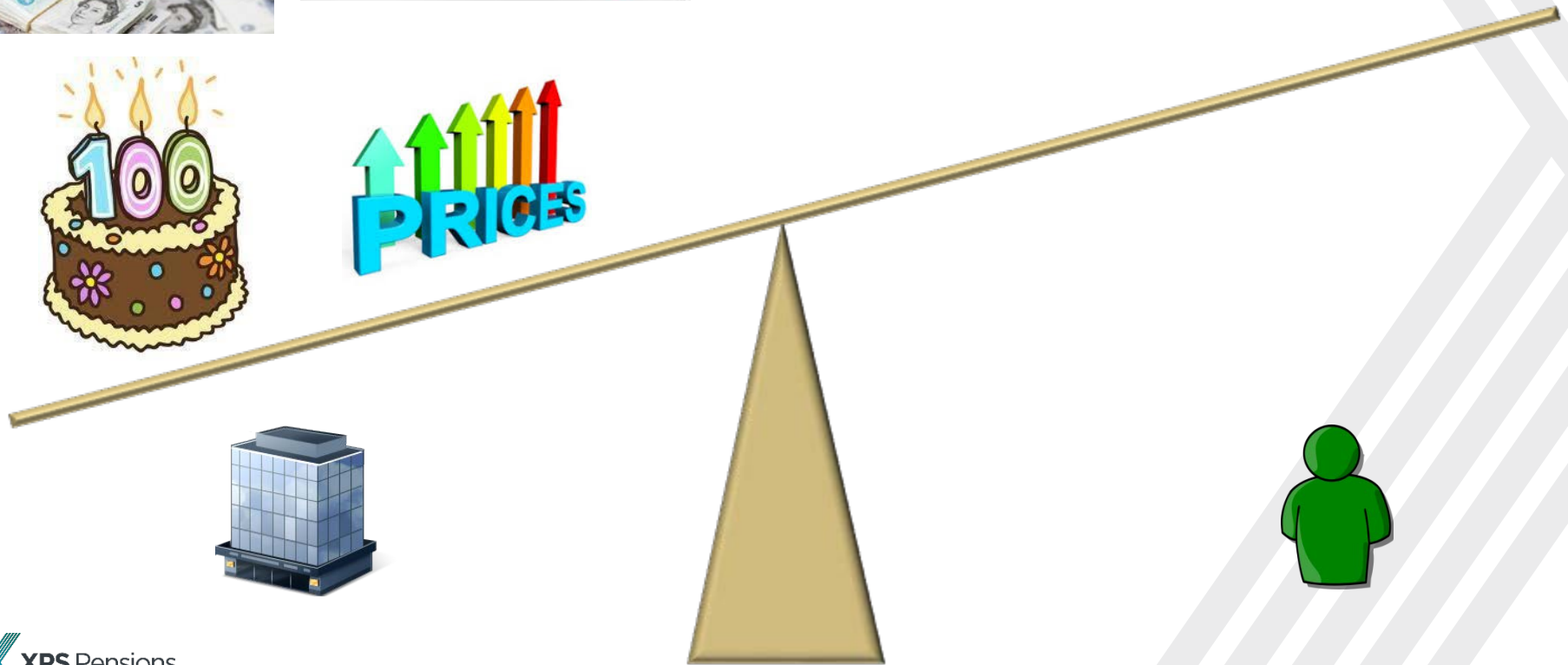


Defined Contribution (DC) pension schemes



***The income you receive in retirement is based on the amount you save and investment returns.
There is no guaranteed pension promise***

Risks in DB Schemes

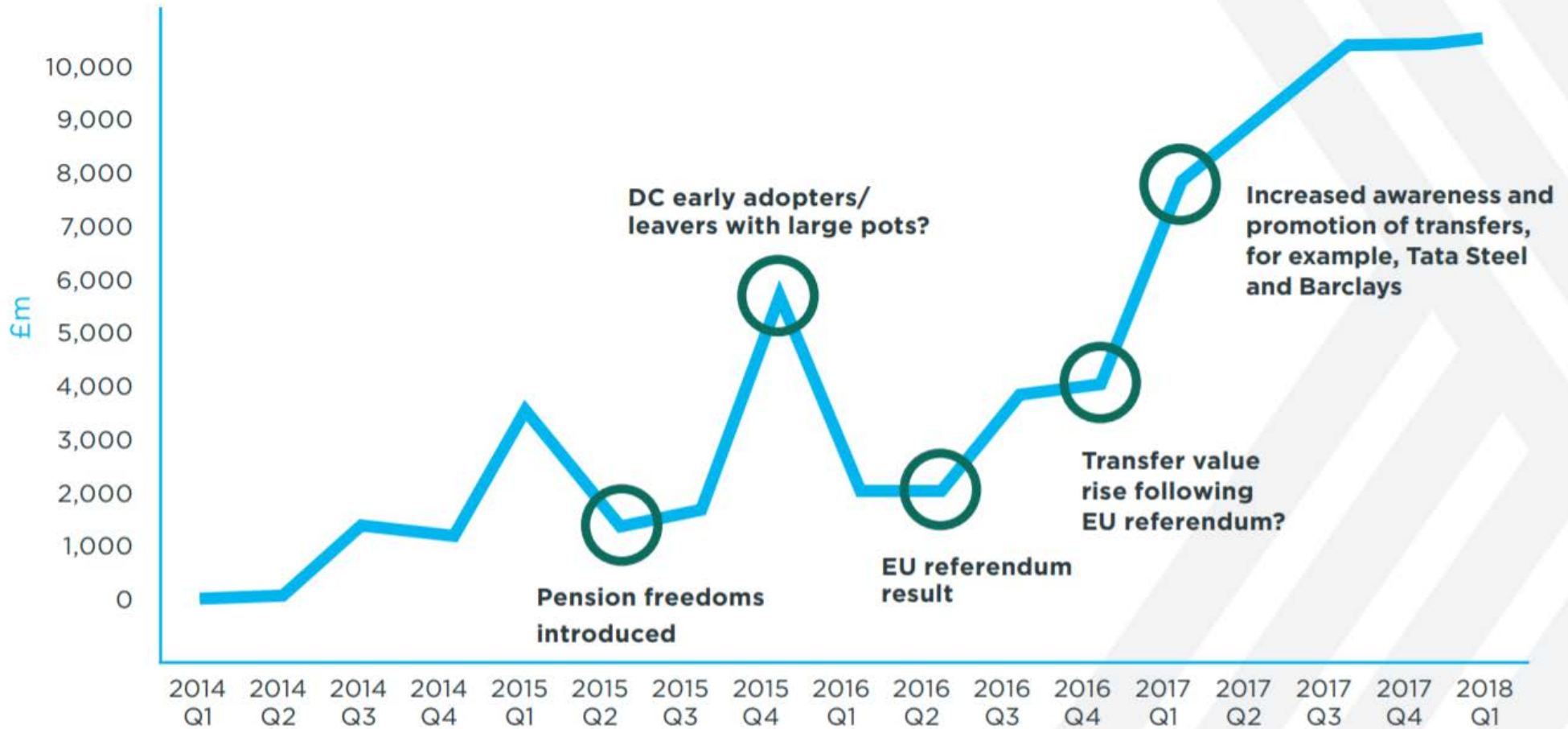


Risks in DC Schemes





Surge in transfers



Source: ONS



Accessing your DC pension savings

DC members can tailor the shape of their pension income to suit needs in retirement



Annuity

Guaranteed income

Choose form of income

Expensive



Cash out

Instant access

Complete flexibility

Large tax bill

May run out of cash in retirement

No guaranteed income



Drawdown

Flexible access

Fund remains invested

Careful planning during retirement

No guaranteed income

These options were not available before 2015



DB to DC transfers – key considerations

- Know what you are giving up
- Choice of receiving vehicle
- Level and form of pension / dependants' benefits
- Health status (loss of pension savings in DB Scheme)
- Advice requirements (if CETV over £30k)
- Other sources of income
- Risk appetite
- Understand fees payable to advisors

At present, you have an 'all or nothing' decision to make – to transfer or not to transfer



Advice

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» Risks



Beware pension scams



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Victims lose £1m in pension scams

By Kevin Peachey
Personal finance reporter

© 28 January 2019

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Pensions have been stolen or put into high-risk schemes

Two victims of elaborate pension scams lost more than £1m each to fraudsters, new figures have revealed.

The two individuals, whose identities are being protected by the authorities, lost their savings over the two years to June 2018.

The data, from police reporting centre Action Fraud, has shown that victims lost £91,000 on average in 2017 when targeted by these kind of scams.

X A ban on cold-calling about pensions came into force earlier this month.

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Pension scam victims 'lost £91,000 each'

By Kevin Peachey
Personal finance reporter

© 14 August 2018

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A new TV advert shows how a fraudster might spend someone else's savings

Pension scam victims lose an average of £91,000 each as fraudsters see the potential for looting savings pots.

One victim, Jennifer Ringstead, who lost over £50,000, said she was "angry" she had not been compensated and would have to start saving from scratch.

City regulators are now launching a new campaign aimed at alerting people - especially those in their 40s, 50s, and 60s - to the risk of pension fraud.

They want people to check any pensions firm they deal with is authorised.

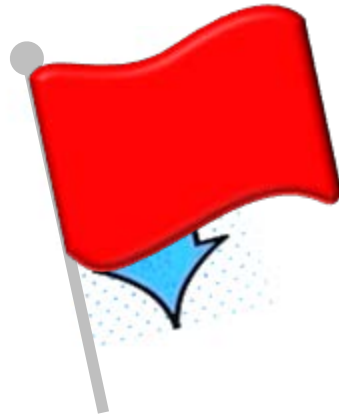
Tell tale signs of a scam



Cold call from an advisor



Courier collected the paperwork



Forms were pre-completed



Never met your advisor



Thank you

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