

Group Personal Pension Plan

Newsletter - October 2023

Workplace Pensions form an important part of retirement savings planning, but as we see the cost of living crisis, and other world affairs, making life more expensive, we need to ensure we are saving enough to maintain our current standards of living throughout retirement.

ABC Limited and appointed advisors, **Bowmore Financial Planning Ltd**, ensure that your pension with Aviva continues to run with your best interest in mind and are able to offer you support with any further questions you may have. Please contact your HR department in the first instance.

To help you understand your workplace pension, we've put together this resource for you to help you understand more about your workplace pension savings and start preparing for your retirement.

Default Investment vs Benchmark

Performance of the Default Investment Arrangement



The scheme default investment is known as a '**Lifestyle Profile**'. A Lifestyle Profile is designed to reduce your investment risk the closer you get to retirement age. Your investments are gradually switched from a **higher to lower risk** fund and begins 10 years before your retirement age. This approach aims to provide growth in the early years and is designed for flexible access at your chosen retirement age.

In the period leading up to 10 years before retirement, your pension contributions are automatically invested into the **Aviva Liontrust Sustainable Future Managed 2 S6 fund**. From 10 years to your retirement, your existing fund will gradually be disinvested from the Sustainable Future Managed fund, and invested into the **Aviva My Future Focus Consolidation Fund** which is considered to have less risk. This will only happen if you remain invested in the schemes default arrangement. The graphs show the performance of these two funds over the past 5 years when compared to a benchmark. At retirement, you'll be solely invested in **Aviva Pension Deposit S6**. This fund aims to protect capital by typically investing in deposit investments with governments, first class banks and major companies and is considered to have low risk.

The Annual Management Charge levied by Aviva for the administration of the ABC Limited Group Personal Pension Scheme is **0.39%**. This charge is for use of the default investment option only.

You are able to invest your money into other funds with Aviva outside of the default arrangement. You can view all available funds by registering for online services, please see below for more details.

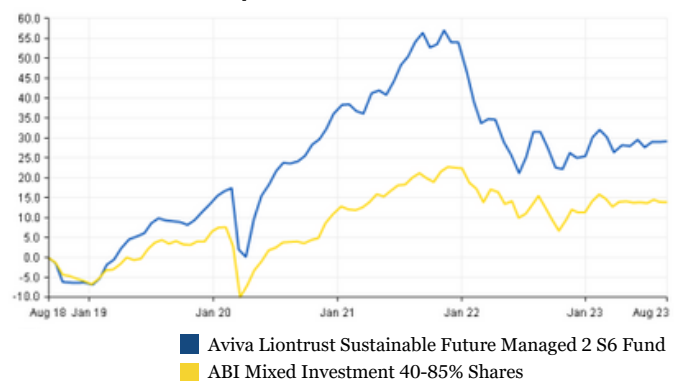
Whilst the default funds do not carry additional charges, please be aware that other investments may carry additional **Fund Management Charges**. This is important to consider when choosing to select your own investments.

It is important to regularly review where your pension fund is invested, to ensure that it remains appropriate to your interests and risk appetite.

You can find the charges for a fund, and further information, on the funds corresponding **Factsheet**. These can be found on the Aviva website by typing in the link below:

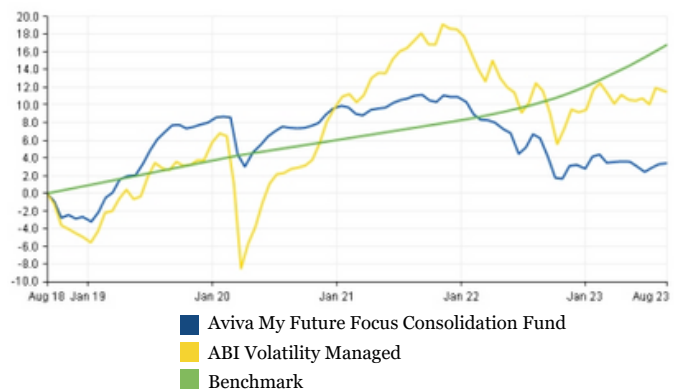
www.direct.aviva.co.uk/wealth/FundChoice/SelfSelectFundsList

Up To 10 Years Before Retirement



Source: Aviva Factsheets September 2023

Last 10 Years Before Retirement



Source: Aviva Factsheets September 2023

Past Performance is not a guide to future performance.

Aviva Support & Tools

You can **register for online access** to your Aviva pension by visiting the following site,

<https://www.aviva.co.uk/>

Or by downloading the MyAviva app via the App Store or Google Play.

Once logged in, you'll be able to **check on the performance of your pension fund, view projected values, switch your fund choice and much more**. You will also be able to view and update your **chosen beneficiary** of your pension in the event of your death.

The Aviva website also provides a range of **tools and calculators** to help you prepare for, and throughout, your retirement. Link below:

<https://www.aviva.co.uk/retirement/tools/>

Aviva has a **virtual assistant portal** where you can seek assistance with any queries you may have.



Nominating A Beneficiary

It is very important to ensure that you have **nominated a beneficiary**, to ensure your accrued pension fund goes to your chosen loved ones in the event of your death. You can update your beneficiary for your Group Personal Pension Plan by logging in to your Aviva account or by completing a Nomination Form and sending it via the post.

Transferring Other Pensions

During your career, you may have built up other pension pots and may wish to consider **amalgamating these with your Aviva pension** so they are all in one place and easier to keep track of. Transferring can be a big decision and you should ensure you have all of the information you need to make an **informed decision** on whether it would be the best choice for you. Some pension plans may have higher charges than others.

Combining your pensions in one place will mean you benefit from having just one plan charge.

Aviva are able to facilitate transfers of existing pensions via the online portal on a non-advised basis. To find out more information on this, visit:

<https://www.aviva.co.uk/retirement/transfer-your-pension/>

You may wish to take **professional advice** before transferring, and for some types of pension, you may be **required** to take advice before a transfer can go ahead. Should you have any questions on financial advice, you can contact our Workplace Pension advisers, Bowmore Financial Planning Ltd. Contact details are below. Please note they may charge for their services.

Current Developments & Key Terms

The Chancellor's Budget statement in March 2023 brought some surprising, but most welcome, news for pension savers. Please see below for summaries of the recent changes and also some Key Terms for you to be aware of and understand.

Scrapping the Lifetime Allowance (LTA): The Chancellor has announced he intends to scrap the Lifetime Allowance, but this will not happen until the 2024/25 tax year. In the interim, while certain LTA protocols stay in place, the LTA excess tax charge is now set to 0% (zero) for benefit accessed from 6th April 2023. The LTA limit is/was £1,073,100.

Annual Allowance (AA): From 6th April 2023, the annual limit you can pay across your pensions each year is now the lesser of £60,000 or 100% earned income (2023/24). You will still be able to **carry forward unused Annual Allowances** from the previous 3 tax years. The previous annual limit was £40,000.

Tapered Annual Allowance (TAA): This reduces the annual allowance for people with an "adjusted income" over £260,000 and a "threshold income" over £200,000. The annual allowance is reduced by £1 for every £2 over £260,000 with a maximum reduction of £50,000, so reducing the maximum tax-allowable contribution to £10,000 per annum for those people whose "adjusted income" exceeds £260,000 per annum. The reduction does not apply to those that have a threshold income of no more than £200,000. Adjusted income includes all annual pension contributions (including employer contributions) and threshold income excludes annual pension contributions.

Money Purchase Annual Allowance (MPAA): If you start to draw a 'flexible' income from a Defined Contribution pension scheme, the amount you can pay into a pension and still benefit from tax relief reduces. This limit is called the MPAA and from April 6th 2023 is £10,000 per annum, up from £4,000 per annum.

State Pension Age (SPA): The state pension age is currently 66 for both men & woman but is set to increase to 67 in 2026 for those born on or after April 1960. It is likely to increase further still. The full level of State Pension is £203.85 a week (2023/24), and £10,600.20 a year. You can check your State Pension Age at www.gov.uk/state-pension-age.

*Please note that your Workplace Pension retirement age may not be in line with state pension age. The default retirement age under your Group Personal Pension Plan is 65, and will not rise in line when regulations change regarding state pension. **You can amend your retirement age via your online account to suit your goals.***

Minimum Pension Age: Currently, you must be aged 55 or over to start taking money from your personal pensions. This is set by the government. From 6 April 2028, the minimum pension age will increase to 57.

If you have previously chosen not to join the ABC Limited Group Personal Pension because you hold **Individual, Fixed, Primary or Enhanced LTA protection**, you may now wish to review your options, given the budget announcements.

Bowmore Financial Planning Ltd can provide individual advice in this area, should you wish to review your options.

Please note that some of the changes made in the 2023 budget announcement will be **subject to legislative change** and may change again if the party in Government changes after the next election.

Questions on your Group Personal Pension — Useful Contacts — Seeking Advice from a Chartered Planner



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