WEALTH PERSPECTIVES

Issue 9 | November 2014

THE CHANGING FACE OF RETIREMENT

"Out of the blue, in his 2014 Budget, the Chancellor dropped a bombshell."

A DYNAMIC *Combination*

"A solution could be lifetime gifts to family members (or anyone you choose)."

Active & Passive Investing

"It is generally accepted that asset allocation has the biggest impact on the variability of returns within an Investment portfolio."

TAYLOR BURKE

CAERUS Capital Group

CAERUS
Capital Group

WELCOME TO THE LATEST EDITION *Of* WEALTH PERSPECTIVES

Welcome to our Client magazine, Wealth Perspectives. In this edition, Industry experts from leading Pension and Investment companies share their views on the issues that affect your finances.

Keith Carby, Chairman and CEO of CAERUS Capital Group, sees opportunity – and the need for Advice – in the changing face of retirement.

Simon Brett, Chief Investment Officer at Parmenion, highlights the key events that have shaped the markets in the third quarter of 2014.

Les Cameron, Senior Technical Manager at Prudential, looks at the solutions available to help you reduce your Inheritance Tax (IHT) liability.

Charlotte Cowell, Head of Product, UK Wealth Management at Metlife, focuses on the greater flexibility now available for taking an income when you retire.

Gary Salter, Head of Corporate Accounts at Nationwide for Intermediaries, takes a closer look at the current state of the mortgage market and what this means for buyers.

Martin Haggart, Technical Manager (Pensions) at Aegon, talks about the proposed changes to the way you will be able to take retirement benefits from a defined contribution pension.

Nicola Robinson, Corporate Communications Manager, at Parmenion Investment Managers looks at the two Investment styles – Active and Passive.

If you wish to discuss your finances or any of the issues raised in this edition, please do get in touch.

Best wishes

Colin Burke

Sandra Taylor

Partners: Colin Burke & Sandra Taylor
Taylor Burke Partnership

Colin Burke

Sandra Taylor

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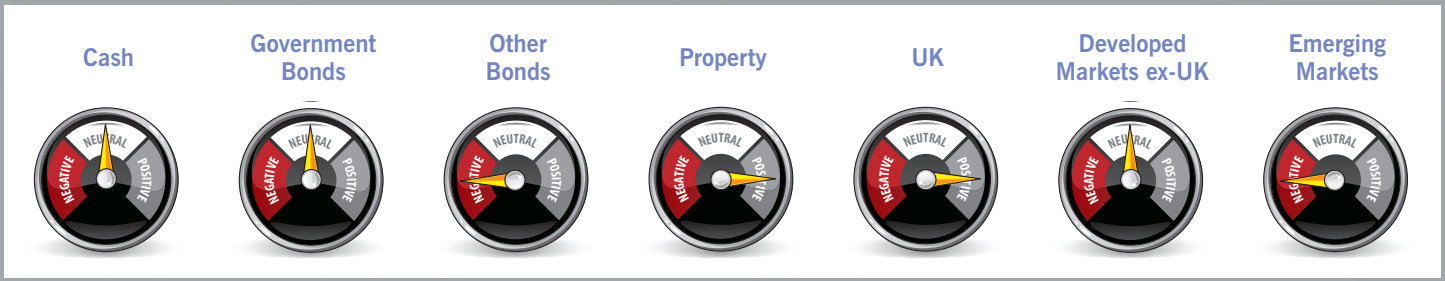
THE CAERUS SENTIMENT DASHBOARD

The CAERUS Sentiment Dashboard provides, in a single view, current attitudes to the main asset classes.

CAERUS
Portfolio Management



Please note, this information is for indicative purposes only.

THE CHANGING FACE OF RETIREMENT

The traditional idea of retirement has changed significantly in recent decades. As a norm, our grandparents stayed in full-time employment until they reached retirement age, at which point they were expected to spend the rest of their days 'in the garden' or engaged in other recreational and social activities.

A large proportion of these pensioners would have been members of Defined Benefit (DB) pension schemes run by their employers. These were also known as Final Salary schemes, the life-long income paid by these schemes to each retiree, was based on a set proportion of their pay in the final years of employment.

Demography and other factors are changing both the social and financial dimensions of retirement. Expectations regarding both the longevity and the quality of life in retirement grow ever higher. At the same time, the cost of funding the much longer period in retirement puts great pressure on DB schemes.

More and more employers have moved to Defined Contribution (DC) schemes. In these, the employer pays a proportion of salary into the individual's own pension 'pot' but it is left for the employee to get that pot to a size that matches his or her expectations for lifestyle in retirement.

The government has encouraged people to contribute to their pensions by giving tax relief on the contributions. At the same time, up until now, it has placed restrictions on how the pension pot could be accessed at retirement. For the most part, retirees had to buy an 'annuity' that is, swap their fund for a lifetime income.

Out of the blue, in his 2014 Budget, the Chancellor dropped a bombshell. From April 2015, the members of DC schemes will be able to 'cash in' their pension.

It is difficult to overstate the significance of this reform. Retirees are being given both freedom and power to do what they think best with what, for most, will be the largest cash pile in their lives. Whilst most will see that as good news, these radical changes bring higher levels of risk and uncertainty.

Recognising this, the Chancellor gave his 'Guidance Guarantee', that the government would ensure free impartial guidance to retirees on the options available to them. Each retiree will, however, have to make up their own mind on the best way forward and will have to take full responsibility for that decision.

More details on these momentous changes are contained in the articles by Charlotte Cowell of MetLife and Martin Haggart of Aegon, in this edition of Wealth Perspectives.

The bottom line on annuity reform and the related changes is that retirees now have more freedom regarding how to make best use of their pension. But, it will be something they will need to focus on for the rest of their days. Those who are well advised will be able to make their pension fund work harder and have the freedom to use it as and when they see fit.

Retirees are now faced with making important decisions when the circumstances are complex and the consequences could be life-changing. The case for working with a trusted, professional Adviser, who will take liability for his or her Advice, has never been more compelling.

Keith Carby
Chairman and CEO
CAERUS Capital Group

MARKET *Commentary*

"Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know. And if one looks throughout the history of our country and other free countries, it is the latter category that tend to be the difficult ones."[1]

Donald Rumsfeld was much criticised for this quote but, upon reflection, perhaps the analogies can be applied to today's stock markets. These are explored in the following paragraphs. The United States and the UK fall into the category of "known knowns". Both economies are now expanding and have fully recovered the loss of GDP post the 2008 financial crisis. The former will end its era of printing money by December 2014 and may start raising interest rates in the first quarter of next year. Both countries are enjoying falling unemployment and the consumer (important to both economies) is spending again. The US has the added bonus of the 'shale gas revolution', which will lower energy prices as the US also becomes the world's largest oil producer next year. Manufacturing will become more attractive at home rather than outsourcing overseas. Similarly, the UK is also forecast to begin raising interest rates in 2015 as a result of an improving economy.

Rising US interest rates may result in another 'taper tantrum' and falls into the category of "known unknowns". The 'tantrum' refers to the hint in May 2013 of rates rising in the US. Monies flowed out of emerging markets (EM) to seek higher returns in the US. Local EM currencies weakened, leading some countries such as Indonesia and South Africa to raise

their interest rates to control any imported inflation. Not good for local demand. It is a moot point whether such an event will repeat itself as and when rates begin to rise in the US.

China and its economy also provides uncertainty. The slowdown in the economy and its orientation away from the export model into a more consumer-focused one will take time. China, post the financial crisis, continued to expand. The government encouraged the banks to continue to lend, leading to overcapacity, particularly in the property market. Fast forward to now, this year it is resulting in a slowdown from the previous heady growth rates as this excess is worked off. There has also been a knock-on effect on commodity prices as Chinese demand has slackened, many base metal prices are at five-year lows, which also hurts other resource-dependent emerging markets.

Another category of "known unknowns" is Europe and its continuing woes. Although perhaps Spain and Ireland have shown some signs of a tentative recovery, attention has now turned from the periphery to the core of Europe. Even Germany recorded negative growth in the second quarter of 2014 as the sanctions against Russia (a significant trading partner) began to bite. More worrying is the plight of Italy, one of the founder members of the Common Market back in the 1950s. Its debt as a proportion of GDP is presently around 130%. There are two ways to reduce this burden. First, the denominator of the equation i.e. growth, needs to expand, but the Italian economy is actually contracting, so no help there. Second, inflation can erode the value of the debt, but again there is no inflation in the economy. So, like other countries, Italy may face a stark choice, default on its debt or leave the Euro and devalue the new Lira. This would, perhaps, allow inflation to tick upwards and encourage growth through more competitive exports.

The absence of inflation or deflation finally prompted the European Central Bank (ECB) to act again to boost growth in the Eurozone. In September, interest rates were cut to record lows (banks now have to pay the ECB to deposit money) and a programme of buying private bonds initiated. It is hoped that with such money printing and derisory interest rates banks will lend, companies borrow and invest and economies expand. Should deflation take hold, demand will fall as consumers delay spending awaiting further price falls. The ECB wants to avoid this deflationary 'trap' to avoid a similar fate as Japan, which has been battling with deflation for 20 years and has itself embarked on printing money to revive its fortunes.

Finally, there are the "unknown unknowns", the left field or 'Black Swan' events that were not foreseen. Further troubles between Russia and the Ukraine, greater tension in the Middle East, the spread of Ebola and unrest in Hong Kong could all potentially upset stock markets. And they are the only potential hiccups we know about as we move into Q4!

1 http://en.wikipedia.org/wiki/There_are_known_knowns#cite_note-defense.gov-transcript-1

Donald Rumsfeld was much criticised for his "unknown unknowns" quote, but upon reflection, perhaps the analogies can be applied to today's stock markets.

Parmenion
It's your future.

Simon Brett
Chief Investment Officer
Parmenion Investment Managers

A DYNAMIC *Combination*

Paying Inheritance Tax (IHT) when you die can be a galling prospect for many families. It's levied when an estate is valued at more than £325,000. Therefore, planning ahead to reduce the amount of your estate is vital.

Planning ahead to reduce the amount of your estate is vital.

Transfers between spouses and civil partners are exempt from IHT. If you leave everything to your surviving spouse or civil partner then there will be no tax payable on the first death, but on the death of the surviving spouse, IHT is payable at 40%, where the estate exceeds £650,000.

A solution could be lifetime gifts to family members (or anyone you choose). Then, so long as you survive seven years, there is no liability. If an outright gift is not appropriate (maybe you don't want the beneficiary to have immediate access to a large sum of cash) you could consider setting up a trust – perhaps with an onshore bond.

Using a trust

A trust allows you to pass legal ownership of the gifted assets to trustees, to distribute them as they see fit, when appropriate. This reduces the value of your estate, as you are no longer allowed to benefit from the gift.

A 'discretionary trust' leaves it to the trustees to decide who benefits. Beneficiaries aren't named and the deed simply sets out 'classes' of possible beneficiaries (children, grandchildren, etc.). However, you should choose your trustees carefully.

With no named beneficiaries, the trustees themselves can potentially pay IHT on every tenth anniversary of the formation of the trust, and when assets are distributed to beneficiaries. The maximum rate of IHT payable (from the trust) is 6%.

Onshore Investment bonds

Onshore Investment bonds, as trustee Investments, are easy to set up and manage. There are no share certificates or dividend counterfoils, just a simple annual statement showing Investment progress.

A bond is typically a life insurance policy and, therefore, requires 'lives assured' to be named at outset. It can then continue for as long as the lives assured survive and can be surrendered, wholly or partly, at any time.

A bond can be held in trust and, as it doesn't generate income (its value simply increases or decreases in line with the funds it invests in), there is no annual tax charge. Tax is potentially payable only when benefits are taken e.g. the bond is surrendered wholly or partly, or when it comes to an end on the death of the last life assured.

The trustees can withdraw 5% of the initial bond Investment each year and pay it out to the beneficiaries, without an immediate tax charge, until the original amount invested has been fully withdrawn.

Tax considerations

These withdrawals are not tax free, but are deferred until the bond is finally surrendered, so the trustees can make withdrawals without being concerned about an immediate tax liability.

The underlying funds in the bond are subject to UK tax. The rate depends on the fund types but will never exceed 20% and is allowed for in the unit prices of the fund, calculated by the provider. The person paying the tax will receive a credit at 20%. If the trustees are liable, then the trustee rate of 45% will be reduced to 25% on the gain. If there is a tax charge on the bond while you are alive, you may have to pay some tax, depending on your circumstances.

Bonds can also offer the opportunity to switch fund types, amending the Investment profile without triggering a capital gains tax charge, as would be the case with Investments such as shares or unit trusts.

This is a broad overview of using trusts in IHT planning – both are complex subjects. Your Financial Adviser can explain how trusts and Investment bonds can help with your planning.

PRUDENTIAL

Les Cameron
Senior Technical Manager
Prudential

The Financial Conduct Authority does not regulate taxation or trust advice.

Guaranteed Drawdown: GIVING YOU PEACE OF MIND *in* RETIREMENT

As you approach retirement, it's time to make those important financial decisions that will see you through the rest of your life. But with such crucial choices to make, getting the right guidance and understanding the options available to you are vital.

MetLife

Charlotte Cowell
Head of Product,
UK Wealth Management
MetLife

[1] http://www.metlife.co.uk/uk/campaigns/Drawdown/1682_Guide_to_Guaranteed_Drawdown.pdf

The good news is that as a result of the 2014 Budget, you now have even greater freedom and flexibility when it comes to how you use your savings in retirement. However, making the choice that's right for you can be complicated.

As flexible retirement income specialists, we offer income solutions that balance your need for certainty with the peace of mind that, if your circumstances change, your finances will adapt to suit your needs.

Change on the horizon

From April 2015, everyone aged 55 and over will have the freedom to withdraw the money they have invested in their pension in whichever way they see fit. Although the majority of this money will be subject to income tax, the first 25% of any pension fund can be taken in a tax-free cash lump sum. This may make financial sense for many, but not all, as there are other flexible options available.

New rules guaranteeing free and impartial Advice from independent groups, such as the Money Advice Service and The Pensions Advisory Service, will give 18 million people access to the information they need to make the right choices in retirement. But if you want certainty, you need a more personalised solution.

A more personalised approach

Although many things are changing, the need for the best, specialist Advice remains the same. If you are looking for guidance on the pensions solutions best suited to your financial circumstances and lifestyle in retirement, talking with a Financial Adviser can help you make a well-informed choice.

What are the options available?

What is an Annuity?

Previously, an annuity was the most common way that people chose to get a guaranteed income for life. A traditional annuity is a one-off binding agreement, where you exchange your pension fund for a fixed income. Your income is calculated using your age and life expectancy.

	Annuity	Guaranteed Drawdown	Drawdown
	A type of insurance policy that provides an income in exchange for a lump sum from your pension fund	Provides an income that you cannot outlive with all the flexibilty of drawdown	Drawdown allows you to take income directly from your pension fund
Guaranteed income for life	✓	✓	✗
Income protected from market falls	✓	✓	✗
Fund remains invested – benefit from growth	✗	✓	✓
Guaranteed lock-ins of growth	✗	✓	✗
Income flexibility	Limited	✓	✓
Death benefits	Limited	✓	✓

What is Drawdown?

Drawdown is a flexible way to take your pension, while also offering the potential for future growth. However, as your money remains fully invested in the stock market, there is also a significant risk that you may lose the savings you have spent a lifetime earning.

What is Guaranteed Drawdown?

MetLife's Retirement Portfolio with Guaranteed Drawdown offers the certainty that your income is protected, with the potential for growth and the flexibility to change your income when it suits you.

How does Guaranteed Drawdown compare to annuities and conventional drawdown pensions?

To find out more about Guaranteed Drawdown, as well as the other options available to you when thinking about how to use your savings in retirement, speak to your Financial Adviser. You can download a copy of MetLife's guide, *'Flexible Guaranteed Drawdown and the four ways it can help you feel more certain about your income in retirement'*, here [1].

Getting the right guidance and understanding the options available to you are vital.

State of the MORTGAGE MARKET

The decision whether and where to buy is a more complicated undertaking than the headlines suggest.

The mortgage market has been a source of great interest over the last year, with news headlines offering a range of Advice to would-be borrowers, with everything from income levels to steak consumption coming under scrutiny.

With new measures contained in the Mortgage Market Review, affordability criteria, loan-to-income caps and other measures reported and dissected, it can be hard for buyers to sort out the fact from the fiction.

For all that, London's house prices have risen steeply, although it has not been the case across the UK, with some regions seeing more pronounced rises, while others remain flat. In the past year, the rate of the rise in house prices was around twice as pronounced in London as it was in the country as a whole. That rate of acceleration has not been matched elsewhere and the spread of those rises has so far proved uneven. In Northern Ireland, Scotland and the North East, prices have experienced only a small year-on-year rise. This has made the decision whether and where to buy a more complicated undertaking than the headlines suggest.

As the wider economy strengthens, so too do house prices. In addition to the boost from economic growth, particularly in London and the wider South East, prices are also responding to the undersupply of new housing that has existed for many years. It has been exacerbated more recently by a number of factors, including immigration, an increasing population, greater numbers of households and many more people living longer.

Boosting confidence

For many years there have not been enough new homes, particularly affordable homes, in the places where they are most needed. The Help-to-Buy schemes have helped some borrowers onto the housing ladder, and helped stimulate the new build market, as well as boosting confidence in the housing market as a whole.

Another key area to weigh up when looking at the best way to find the right mortgage has been interest rates, with experts agreeing that base rates are likely to rise, but with no consensus on when and by how much. Clearly, cash buyers are not going to be put off by interest rate increases or stricter lending criteria, meaning areas such as London, where the proportion of cash purchasers is higher, will continue to see prices rise. This means that buyers do have to stretch further to afford their dream home in the most desirable areas. It may also mean that buyers decide to opt for longer-term fixed-rate mortgage deals, to ensure that costs are certain and manageable for the foreseeable future.

Gary Salter
Head of Corporate Accounts
Nationwide for Intermediaries

Active & Passive Investing

It is generally accepted that asset allocation has the biggest impact on the variability of returns within an Investment portfolio. However, even after establishing your asset allocation, an important decision remains. Which Investment style should you adopt when investing in each asset class?

You can choose between two styles; Active and Passive. There is a significant amount of information available on both, however, in these pages we do not refer directly to particular papers and publications. Instead, we outline the consensus view on both approaches. Before doing so, it is important to identify the key components of risk.

Investment theory separates risk into two components, market risk and company risk. The sum of these provides the aggregate risk of an Investment. Market risk comes from investing in a particular asset class, such as the UK stock market. For example, if the UK stock market declines, Investors in that market are likely to see the value of that portion of their portfolio fall. Company risk arises where a specific security's performance differs to that of the wider market of which it is a part – for example Vodafone as compared to the UK Equity market.

Passive Investing is an Investment approach that aims to reduce aggregate risk by eliminating all security risk, leaving only market risk. This involves a buy and hold Investment approach that will match the performance of the chosen index. For example, the Vanguard Emerging Markets Fund aims to replicate the returns of the MSCI Emerging Markets Index, by investing in a representative sample of the underlying companies. The total Investment returns of the fund should equate to gains or losses in the underlying index, with small adjustments for tracking error and fund charges.

Active Investing is an approach that embraces company risk. Active fund managers build portfolios that seek to outperform a benchmark. They believe that markets do not always correctly price the value of a company, providing opportunities to profit from buying companies below their true worth. Active Investors hope the fund manager will produce a higher net return (after paying higher fees) than can be achieved by Passive Investment.

Both approaches offer value to Investors. However, they generate intense debates among their supporters. The main argument is whether Active funds produce the long-term returns required to justify the additional risk and higher costs.

Most academic research suggests that, on average, Active fund managers underperform compared to their benchmark. For example, of the Active funds invested into typical large markets – such as larger company stocks in the UK or US markets – only around 20% outperform their comparable index benchmark in any period. There is also little evidence of consistency: those that outperform over one period do not have a greater statistical probability of doing so in subsequent years. This is where the strongest arguments in favour of Passive investing come in.

Supporters of Active Investing, however, present two counter-arguments:

1. It is unlikely that all fund managers have only a random chance of success. Logically, some fund managers must have greater ongoing abilities than their peer group. A few fund managers are seemingly superior in their aggregate performance than statistical flukes would allow. The most likely explanation of their success is superior ability.
2. A more compelling argument is that Active Investment has greater Investment flexibility than Passive and is better able to respond to changing market conditions. Active managers can avoid sectors or companies they believe will underperform the market and overweight where they believe the converse is true. A Passive fund has no choice, it will invest in both the winners and losers.

The Active versus Passive debate centres upon the question of whether markets are efficient. Efficient Market Hypothesis (EMH) proposes that company share prices will always incorporate all of the available information and, therefore, share prices will always reflect what a company is truly worth. Therefore it is not possible to 'beat' the market as it is not possible to buy undervalued shares or sell overvalued ones. An Active manager believes markets are not efficient and that this provides opportunities. A believer in EMH would just buy a Passive fund, as there is no need to pay the extra costs for no advantage.

Academia has for a long time debated whether the EMH holds true in reality. Markets are not wholly efficient. Over the past 20 years or so, academics themselves have repeatedly identified inconsistent patterns of returns. These patterns would not exist if EMH represented the complete picture.

Many recognise some specific Investment markets as being inefficient. Active managers' arguments become more powerful with evidence of inefficiency. This at least brings the possibility of gains exceeding the market as a whole. Such inefficiencies may exist in some areas such as smaller companies' stocks, poorly researched markets and illiquid Investments.

Behavioural finance is one hypothesis that seeks to explain these patterns. It does this by extrapolating the repetitive habits of individual Investors, which sometimes leads to irrational Investment decisions being made. Anecdotally, some funds using behavioural finance techniques, particularly in the hedge fund industry, have achieved some success. Behavioural finance aims to explain occasions when inefficiency is evident.

Many indices are created by reference to market capitalisation, where each company has an allocation in the index in proportion to its size in the market. Some Investors may question the suitability of this process, particularly in the case of corporate bond Investment where it involves allocating more money to the more highly indebted companies. In addition, when a security is added to or removed from an index, it tends to cause a cluster of trades as Passive funds seek to replicate these changes on the day in question. Passive Investors in these instances are obliged to trade, no matter what the price, offering the potential for Active Investors to exploit these opportunities by buying ahead of a security being added to an index or selling before they are removed.

Typically, actively managed funds are more expensive than their Passive counterparts. The greater costs need to be justified by returns in excess of a Passive equivalent. Passive funds are cheaper to manage as the underlying construction of a portfolio and the buying and selling can be largely automated. Plus with the growth of Passive funds, the fund providers have begun to compete on cost.

For diversification purposes, today's modern portfolios are generally invested across a range of asset classes. Variations between portfolios then tend to arise as a result of the chosen Investment style, which vary depending on the individual Investor's personal requirements. An Active Investment approach may be more suitable in certain asset classes where market inefficiencies arise through illiquidity or lack of information. This provides scope for Active managers to add value even after costs are taken into consideration. In well-researched, heavily traded markets, a Passive approach may offer a useful alternative, as it is likely to provide a return only a little lower than the market.

Whether you select Active, Passive or a combination of both, is a personal decision. Many independent Investment houses strive to identify funds that are likely to outperform in the future. It's true that some Active funds do outperform Passive funds. However, Passive investing may not always be an option in certain markets or asset classes, as there may not be a relevant index to track.

"This information explains some of the different Investment styles available to you. It is a statement of opinion, not Advice, and you should not take it as an indication of likely future returns. Seeking professional Advice will help you make informed decisions that are right for you."

Investment theory separates risk into two components, market risk and company risk. The sum of these provides the aggregate risk of an Investment.

Parmenion

Nicola Robinson
Corporate Communications Manager
Parmenion Investment Managers

FURTHER PENSION UPDATES *for* ***April 2015***

In recent years, the Government has focused its attention on the accumulation phase of pensions, with auto-enrolment leading to many millions of individuals saving more for retirement within defined contribution (DC) pensions.
In the 2014 Budget, the Government turned its sights to the way retirement benefits can be taken from these types of schemes.

Many of those who retire with DC pensions have had little choice but to purchase an annuity. Current market conditions, low interest rates and increasing life expectancy have led to annuities often being perceived as offering poor value for money.

From 6th April 2015, it is proposed that those who are aged 55 (or any protected pension age) or over will be given full access to their DC pension savings, rather than being forced to buy an annuity, provided that the scheme they're in offers this new flexibility or they transfer their pension savings to another DC scheme that does.

New provisions

For any new benefits taken on or after 6th April 2015 (not being added to an existing capped drawdown arrangement) the new provisions will prospectively allow members of DC pensions to:

- take part of their unused DC pension savings as a tax-free lump sum (normally 25%) and use the balance to buy a lifetime annuity or scheme pension, taxable at their marginal rate in the tax year.
- operate 'flexi-access drawdown', allowing the withdrawal of part or all (or indeed none) of their remaining savings without limit, whenever they wish, subject to income tax at their marginal rate in the tax year.
- take part or all of their unused DC pension savings as an 'uncrystallised funds pension lump sum', 25% of the lump sum being paid tax free and the balance added to their income and subject to income tax at their marginal rate in the tax year.

Those who are already in capped drawdown on 5th April 2015 can remain in capped drawdown beyond this date if they wish. Those who are already in flexible drawdown on this date will automatically convert to the new flexi-access drawdown rules on 6th April 2015.

Changes to pension death benefits

On 29th September HM Treasury announced changes to the taxation of pension death benefits, for any payments made on or after 6th April 2015. It has been proposed that the tax charge currently set at 55% on lump sum death benefits from crystallised funds (i.e. drawdown) should be abolished, where the member died before age 75 and the balance of funds are paid out to a beneficiary as a lump sum or by way of income, via flexi-access drawdown. Those who die aged 75 and over, who are in drawdown (or haven't yet taken benefits), will be able to pass on their remaining DC pension savings, on death, to a beneficiary, who will be able to withdraw the funds as income at their marginal rate of income tax, or as a lump sum taxed at 45% (or marginal rate from 2016/17).

As a result of the increased choice, the Government intends that from 6th April 2015 everyone with DC pension savings should be given access to impartial, high-quality guidance at the point of taking retirement benefits, to understand the options available and make informed decisions. The guidance will not be classed as 'Advice', although one outcome from such guidance may be for individuals to seek regulated Financial Advice.

A welcome change

The April 2015 proposals for DC pensions are very positive and should be welcomed, but it will be more important than ever that individuals engage early and seek Financial Advice to get ready for their retirement (and make provision for any untimely death beforehand), taking into account a wide and expanding range of retirement benefit choices.

From 6th April 2015 everyone with DC pension savings should be given access to impartial, high-quality guidance at the point of taking retirement benefits.

AEGON

Martin Haggart
Technical Development Manager (Pensions)
Aegon

LEADING *Indicators*

United Kingdom Stock Markets	3 months	6 months	1 year
FTSE 100[1]	-0.36%	2.58%	4.88%
FTSE 250[1]	-0.97%	-3.73%	5.18%
FTSE All Share[1]	-0.44%	1.54%	4.92%

Source: Financial Express Analytics 29th September 2014

American Stock Markets	3 months	6 months	1 year
NASDAQ 100[1]	5.93%	13.14%	25.35%
S&P 500[1]	0.94%	7.21%	18.12%

Source: Financial Express Analytics 29th September 2014

European Stock Markets	3 months	6 months	1 year
CAC 40[1]	-1.87%	0.55%	4.36%
DAX[1]	-3.18%	0.12%	9.39%
DJ Euro Stoxx[1]	-1.29%	4.69%	12.74%

Source: Financial Express Analytics 29th September 2014

Other Stock Markets	3 months	6 months	1 year
Hang Seng[1]	3.82%	12.31%	7.02%
MSCI Emerging Markets[1]	2.13%	9.33%	8.51%
Nikkei[1]	6.02%	12.11%	9.67%

Source: Financial Express Analytics 29th September 2014

Gilts	3 months	6 months	1 year
FTSE British Government 10 – 15 years[1]	3.64%	5.12%	7.09%

Source: Financial Express Analytics 29th September 2014

Property	3 months	6 months	1 year
Halifax Property Index[1]	0.92%	3.39%	9.47%
IPD UK All Property[1]	5.17%	9.93%	19.08%

Source: Financial Express Analytics 29th September 2014

Savings	3 months	6 months	1 year
Moneyfacts Instant Access[1,2]	0.20%	0.37%	0.70%
Moneyfacts 90 days notice[1,3]	0.24%	0.45%	0.87%

Source: Financial Express Analytics 29th September 2014

Inflation	
UK Consumer Price Index	1.18%

Source: Financial Express Analytics 29th September 2014

Interest Rates	
Bank of England	0.50%

Source: Financial Express Analytics 29th September 2014

Notes

1 Gross return bid-bid, annualised (ending 29th September 2014).

2 Moneyfacts Average of instant access accounts, £10,000 invested, total return, gross.

3 Moneyfacts Average of 90 day notice accounts, £10,000 invested, total return, gross.

We are always delighted to hear from you, to contact us please phone or email:

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