Mark Anthony Monk
FINANCIAL CONSULTANCY

PENSION & INVESTMENT

NEWSLETTER

If any of these articles pique your interest and you want to discuss more, please get in touch.

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Mark Anthony Monk Financial Consultancy, 8 High Street, , Coleford, Gloucestershire, GL16 8HF
mark.monk@theopenworkpartnership.com | www.markmonk.co.uk | 01594 835999

Reasons to consolidate your pensions

If you've worked for more than one employer, you will doubtless have more than one pension plan. How long is it since you last looked at them? Are they languishing in poor performing funds?

Combining some or all of your pensions into a single plan could save you money, achieve better growth and make your life easier. Here are some things to consider:

5 benefits of pension consolidation

1. Consolidating could save you money. Each pension plan has its own annual charges so combining multiple pensions into one means you'll only pay one annual fee. Shopping around could also help you find a plan with lower charges than your current ones.
2. It gives you greater flexibility. Modern pensions may offer benefits that older ones don't, like flexible drawdown of your pot or income for your loved ones after you pass away.
3. It keeps things simple. You only have to remember one set of login credentials and, if your address changes or you want to change the recipient of any death benefits, you only have to tell one provider.
4. You could get better opportunities. Bringing your pensions together could increase the overall value of your savings and a different plan or provider might give you access to a wider range of investment funds.
5. It makes it easier to plan for the future. An important part of retirement planning is understanding what you've got and what you'll need. Having everything in one place makes it easier to track your plan's value against your goals.

Things to be aware of

You could be charged exit fees. Some plans still have exit penalties so make sure you're aware of these and the impact they might have on your pot.

It may be better to stay in a final salary (also known as defined benefit) scheme. These offer a guaranteed income in retirement alongside other benefits (like a pension for your spouse when you die) which you'll lose if you transfer out.

There's no guarantee you'll be better off consolidating. Your current pensions may have benefits like early access or guaranteed annuity rates that might be worth keeping, and annual fees on other pensions may not be competitive.

Get advice before you consolidate

We're here to help. We can assess your situation, explore your options, and help you understand if pension consolidation is right for you.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

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Investing or saving?

Investing can beat inflation

Investing is a better option if you've got longer-term goals because inflation can erode the value of cash savings over the medium to short term, and your money may not have the same spending power as when you first put it away.

For example
If you have £2,000 in savings and the bank offers a 1% interest rate, each year you will get back £20. However, if the inflation rate is 6% the cash in your savings account will fall in value. After one year your cash would be worth £1,887. After five years it would be worth only £1,495.

Saving money is a great way to prepare for unexpected expenses and investing your money can have the potential for higher growth than saving.

A lot of people put their money in a savings account and leave it there to accumulate interest. While this is a good strategy in the short term, you potentially risk losing out on higher returns in the long run, while also struggling to keep up with inflation. However, investing is a good approach if you have long-term financial goals and want to earn more money than you could by saving it.

What's the difference between saving and investing?

With saving you are setting aside cash for future use, while investing means using cash to buy assets that you expect to produce a profit or income. The biggest difference between saving and investing is the level of risk. With saving you will always get back at the very least what you have put in, as well as any interest on your deposits. You won't lose any money, making it a less risky option.

Investing your money means it will rise and fall over time and there is a chance you could lose some of your initial investment. Your financial adviser will be able to help you make sure you're aware of the risks and the minimum time you should consider investing for. A longer timeframe (at least five years) will give your investment more time to recover if there are any sudden market swings.

Speak to your financial adviser to find out about a range of investment opportunities to help you meet your financial goals.

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Types of investments

The main types of asset classes that investors could choose from – which your adviser can go into detail with you – are equities, bonds, and property. Different asset classes have different levels of risk and return. Usually, the safer an asset is the lower the returns will be, while the riskier an asset is, the higher the returns.

Property this could be investing in commercial property through investment funds, including retail, office, and industrial property. It makes a good long-term investment and is effective at beating inflation. Property can add diversification to your portfolio as it tends to perform differently to other assets in response to different market conditions. However, property does come with its risks, including a risk of a fall in value as well as the maintenance costs.

Bonds sometimes called fixed-term investments, bonds are issued by governments and companies looking to raise money. A bond is essentially a loan made to a company or a government by an investor for a set period – usually several years. In return they pay you a regular income in the form of interest over the life of the bond, after which they must repay your loan. Bonds typically offer stable returns and are a lower risk than equities, although they tend to offer lower returns in the long term.

Equities also known as stocks and shares, equities are issued by a public limited company and can be bought and sold on stock exchanges. When you buy an equity, you are basically buying a piece of that company and become a shareholder. Equities can make you money through increases in share price or you can receive income in the form of dividend payments. The disadvantage is that returns are not guaranteed, and the share price could fall below the level that you invested.

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How to move into the decumulation phase of retirement planning

1. Accumulation:

During your working life, you focus on building up your assets. This might involve contributing to a pension, saving in other accounts, or investing in property. The goal is to create a financial cushion that will support you in retirement.

2. Decumulation:

Once you stop working, you shift your focus to using your accumulated assets to fund your retirement lifestyle. This might involve drawing down on your pension, selling investments, or accessing other sources of income. The goal is to manage your spending wisely so that your assets last throughout your retirement years.

Transitioning into retirement can present new challenges, not least, understanding how to sustainably start using your assets to create an income. As you move into the decumulation phase, you might worry about balancing your needs now with your long-term financial security, but a plan could give you more confidence.

Managing the decumulation of assets is something more people will need to do in retirement as the number of workers with a defined contribution (DC) pension rises.

With a DC pension, you'll retire with a pot of money that you'll have to decide how and when to access. You may need to ensure the pension you've built up over your career will continue to provide an income for the rest of your life.

According to a report in FTAdviser, the Pensions Policy Institute (PPI) expects the assets held in DC workplace pension schemes by over-55s still in work to increase almost threefold to £527 billion over the next decade.

With most workers now automatically enrolled into their employer's pension scheme, which is usually a DC pension, the figure could rise significantly in the future.

Switching from accumulation to decumulation might require changing your mindset

Switching your mindset to start depleting your assets could be more difficult than you think.

To secure your retirement, you may have diligently saved into a pension or built-up other assets over decades. Watching the value of your assets grow can be satisfying and might help you feel more financially secure. When it comes to using those assets to create an income, it can be challenging.

So, what can you do as you move into the decumulation phase of retirement planning to effectively manage your assets? Here are some steps that could be useful.

Seek tailored financial advice

While general advice can be useful, tailored advice will take into account your circumstances, goals, and concerns to create a bespoke plan.

The PPI has set out five principles for "good" decumulation to help DC pension savers manage their assets. Among them is ensuring savers are supported when making key decisions about their pension, including when decumulating.

Booking a meeting with a financial planner could help you manage the decumulation phase of retirement planning and give you peace of mind. Please contact us if you'd like to speak to one of our team.

Understand how long your pension and other assets need to last

One of the reasons you might worry when depleting your pension or other assets is the risk of running out in your later years. So, understanding how long your pension needs to provide an income is often essential.

It's not uncommon for retirees today to spend several decades in retirement. Indeed, according to the Office for National Statistics, a 65-year-old man has a 1 in 4 chance of celebrating their 92nd birthday. For women of the same age, they have a 1 in 4 chance of reaching 94.

As a result, you may need to plan to decumulate your assets over a long period.

Manage your investment risk

When you're accumulating wealth, investing might be a good way to help the value of your assets grow over the long term.

However, as you start decumulating your wealth, your risk profile could be very different. As you might not be earning an income, taking the same amount of investment risk may no longer be appropriate, as you may not have the opportunity to recover from potential losses.

The money held in your pension is typically invested and you might have other assets that are exposed to risk too. So, a complete financial review to assess your risk profile and whether your current assets align with this could help you strike a balance that suits you.

Carry out regular financial reviews

Even if you've set out a long-term financial plan you're confident about, reviews throughout retirement can be valuable.

During your retirement, your wishes and circumstances might change. For instance, you might decide you want to travel for an extended period and will fund it by taking a lump sum out of your pension. Or perhaps you plan to downsize, which could release equity, and might mean you don't need to withdraw as much from other assets.

Regular reviews could help ensure that the way you're using assets continues to reflect your goals and financial situation.

In addition, factors outside your control might affect how and when you want to deplete assets.

To maintain your standard of living, you might have needed to increase the amount you were withdrawing from your pension as prices increased. A financial review could help you understand if that would be sustainable, as well as the potential long-term effects.

Contact us if you have questions about using assets to fund your retirement

If you've already retired or are nearing the milestone and have questions about how to use your assets to create financial security, please contact us.

We can work with you to create a plan that focuses on decumulating sustainably, as well as incorporating other important factors, from managing your tax liability to what assets you'd like to pass on to loved ones.

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Do these 5 things if you're planning for retirement

Retirement planning doesn't have to be daunting. Here are five key things you can do to start creating a comprehensive plan for life after work.

1. Start sooner rather than later

Retirement might be a long way off, but the choices you make now could have significant impact when you stop working. Start exploring all your options to ensure decisions made today benefit your finances in the years ahead.

2. Work out how much you'll have

It's worth starting with a state pension forecast (easily available from GOV.UK) to help you estimate how much state pension you'll receive. If you have a defined benefit or defined contribution pension, you can ask your provider for a forecast or more information about your retirement options.

Don't forget to include the projections from any savings or investments you have. And it's always a good idea to locate any lost pensions from previous employers through the government's free pension tracing service.

3. Work out how much you'll need

Chances are you'll have to get used to a different pattern of income and spending when you stop working, but planning can make that a less daunting prospect. Simply splitting your expenditure into two categories - essential and discretionary - is a great place to start and ensure you can cover the basics.

4. Look at your income options

You might need to decide how you're going to take your money in retirement depending on the type of pension you have. This may include an annuity, a tax-free lump sum or drawdown options.

If you have a defined benefit pension, for example, you'll probably receive a guaranteed income from your normal retirement age. If you have a defined contribution pension, you'll gain access to a pot of money that you can start drawing down from the age of 55.[1]

Remember to consider other sources of income, such as rent from property, savings or part-time work.

5. Make a plan (or contact your financial adviser)

You can start planning for your retirement once you have all this information at your fingertips. If you want more tailored support with a plan, or if you'd like help to get started, please reach out to your financial adviser.

[1.] From 2028, the age at which you can start accessing your pensions will increase to 57.

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5 tips to help you set realistic financial goals

Realistic financial goals are an important part of a financial plan. They help you stay motivated, define your version of success and give you a benchmark to work against.

But things can change and creating financial goals that will still be relevant in 10, 20 or 50 years can be difficult. We want to help your secure your finances and empower you to face the future with confidence, so here are five top tips for setting realistic financial goals.

1. Review your current financial situation

Set yourself up for success with a thorough review of your finances. Mapping out your income, assets and expenditure can help you understand how to use your wealth to set and achieve realistic financial goals.

You might identify opportunities to make more efficient use of your money – could that spare £100 left in your current account at the end of each month be working a little bit harder for you?

2. Build a strong foundation

Shocks like an emergency repair or sudden illness can undermine even the best-laid plans, but a solid financial foundation can help you weather periods of volatility.

An emergency fund for unexpected expenses is a good place to start. How much you put in depends on your specific circumstances, but a good rule is to have enough saved to cover three to six months of essential outgoings.

You might want to consider an ISA which works similarly to a regular savings account with one significant advantage – you don't pay tax on the interest you earn. You can deposit money whenever you like (up to your annual ISA allowance of £20,000 for the 2025/2026 tax year) and take out funds when needed.

3. Make your goals specific and measurable

A vague goal might be flexible, but how do you know when you've achieved it? Clear goals with a specific outcome and measurable progress make it easier to understand if your financial plan is on track.

Let's say you want to help your child buy their first home. Stating that you want to save £20,000 by your child's 18th birthday is a better goal than simply saying you want to create a nest egg for them because you have a specific amount to aim for and a clear timeframe in which to achieve your goal.

For this, you could think about a Junior ISA (JISA). Set up by parents or guardians, a JISA provides a long-term, tax efficient savings strategy. With an annual allowance of £9,000 (for the 2025/2026 tax year), all growth is tax-free. Entirely for the benefit of the child, the child can take control of the account at 16, but cannot withdraw funds until 18.

4. Act on evidence rather than assumptions

We'd all love to achieve our financial goals with no downsides, but no financial plan is entirely risk free. Informing your decision-making with evidence, rather than acting on assumptions, helps keep your goals realistic and your finances secure.

You might be investing towards a target amount and calculate that you need returns of 8% every year for five years to reach your goal. Chasing these returns in such a short timeframe might present more risk than you're comfortable with, so you might opt for a product with a strong track record of providing 4% annual returns. You'll invest for longer, but this could be a more secure approach.

5. Work with a financial adviser

You know your finances best, but expert advice could help you make the most of your wealth. A financial adviser can bring together your current financial situation and your long-term goals to create a tailored plan. We'd love to help you turn your aspirations into reality and empower you to face the future with confidence.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

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Tools for successful estate planning

Successful estate planning is about balance and compromise.

It means you can avoid 40% inheritance tax (IHT), by ensuring that your estate is worth less than the tax-free threshold of £325,000 when you pass away.

But life is complex. You don't know when you're going to pass away or how much money you may need in later life. You also can't predict what will happen to your loved ones, and you may want your assets to be used in a certain way.

Let's consider some ways that could help reduce your IHT liability:

1. Lifetime gifts

You can give away up to £3,000 tax-free each year to one person or split the £3,000 between several people (this is known as your annual exemption). You can give a further £250 per person each year to individuals who haven't benefitted from your annual exemption.

Other gifting options such as wedding gifts, gifts from your surplus income and gifts to help with living costs are also available.

2. Exemptions and reliefs

There are lots of other legal ways to reduce IHT besides gift giving, including:

- Any amount left to a spouse or civil partner is exempt from IHT.
- Any unused IHT allowance will also pass to your spouse (note that you must be married or in a civil partnership for these conditions to apply).
- Leaving your home to your children or grandchildren could boost your tax-free allowance by up to £175,000 to a total of £500,000.
- Any money you leave to a UK registered charity, community amateur sports club is free from IHT and the IHT rate on your taxable estate falls from 40% to 36% if you leave more than 10% of it to one of these groups.

3. Trusts

Trusts help you control what happens to your assets after you pass away. Trustees are legally obliged to manage the assets on behalf of your beneficiaries, and you can make the terms as rigid or flexible as you like. Trusts can also be useful for minimising IHT.

4. Pension arrangements

Currently, you can pass many pension products on to loved ones when you die and they're not usually subject to IHT so it can be a smart way to leave a legacy if you don't think you'll use all your pension in your lifetime. But it can be complex, and the person inheriting may have to pay income tax.

The Government has announced its intention to make changes to inheritance tax (IHT) on pensions. From April 2027, most pension funds will fall into the estate for IHT purposes. Any funds that pass to a spouse or civil partner will remain free of IHT on first death.

5. Life assurance

Estate planning may not eliminate the IHT liability on your estate, but the payout from a life assurance policy can be used to pay off all or part of the eventual tax bill. Alternatively, your Executors might need to take out a loan to cover the cost because the assets in your estate can't be realised until they've been granted probate, and that doesn't happen until IHT is paid.

We can help you create a legacy to be proud of

Setting up your estate to support your loved ones can bring you real peace of mind. We'll work with you to explore your options and explain the best way to achieve your goals.

Figures based on the IHT figures for the 2025/2026 tax year.

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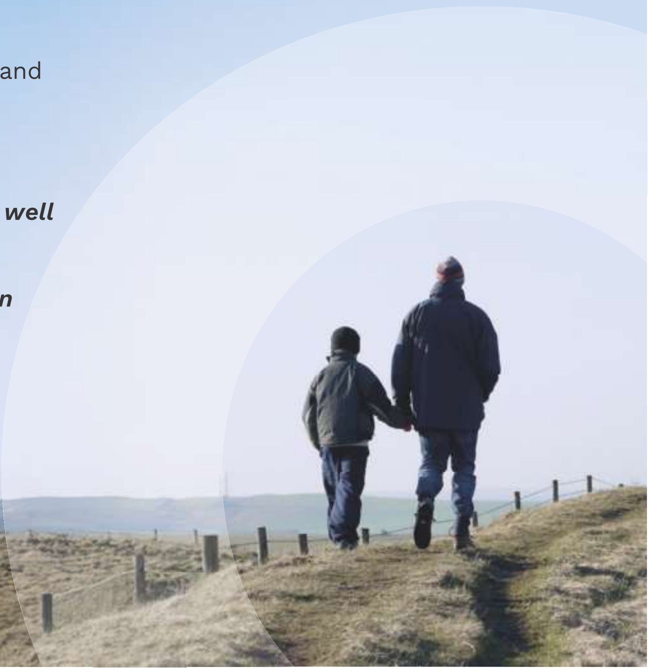

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The benefits of starting a pension early

It's never too early to start saving for retirement. In fact, the sooner you start saving, the more time for your money to grow.

Starting a pension early is one of the best things you can do for your financial future. By taking advantage of the benefits of early retirement savings, you can ensure that you have a secure financial future and enjoy your retirement years to the fullest.

More time to save

One of the most significant benefits of starting a pension early is the additional time you have to save money. The longer your money is invested, the more time for it to grow, which can help you accumulate a larger retirement fund. Starting early also means that you can take advantage of compound interest, which is interest earned on both the principal and the accumulated interest. Over time, compound interest can significantly increase the value of your pension fund.

Lower monthly contributions

Starting a pension early can also help you keep your monthly contributions lower. Because you have more time to save, you can spread your contributions over a longer period. This can make it easier to budget for your retirement savings and ensure that you are putting away enough money to reach your retirement goals.

Employer contributions

If you are enrolled in a workplace pension scheme many employers offer to match employee pension contributions, (up to a certain percentage). This 'free money' can help you save even more for retirement.

Tax benefits

The government offers tax relief on pension contributions, which means you can put more money into your pension each month. For example, if you're a taxpayer, you can get up to 45% tax relief on your contributions.

Financial security

Starting a pension early can help provide financial security in retirement. By starting to save early, you can build a solid foundation for your retirement years and ensure that you have enough money to cover your expenses. This can help alleviate financial stress and allow you to enjoy your retirement years without worrying about running out of money. Knowing that you have a secure financial future can give you peace of mind and allow you to enjoy your retirement more.

Tips for starting a pension early:

- **Set up a regular contribution**
  The best way to make sure you're saving for retirement is to set up a regular contribution. This could be a fixed amount each month or a percentage of your salary.
- **Increase your contributions as you earn more**
  As your income increases, you can increase your pension contributions to make sure you're on track for a comfortable retirement.
- **Take advantage of tax relief**
  The government offers tax relief on pension contributions, which means you can put more money into your pension each month.
- **Consider employer contributions**
  Many employers offer to match employee pension contributions, which is free money that can help you save even more for retirement.

By giving yourself more time to save, keeping your contributions manageable, taking advantage of tax benefits, and providing financial security in retirement, you can set yourself up for a comfortable and fulfilling retirement. So, if you haven't started saving for retirement yet, now is the time to start!

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