

# Adjusting your pension plans

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In the ever-evolving landscape of retirement planning, a significant shift is on the horizon that could potentially impact when you can access your pension funds. The normal minimum pension age (NMPA), or the age at which you can start withdrawing from your pension savings, is currently set at 55.

There are a few exceptions to this rule — for instance, in cases of ill health or if you have a lower protected pension age. However, this standard generally applies across the board.

## Upcoming shift in NMPA

But from the 6 April 2028, the NMPA will rise to 57. Depending on your birth date, this shift could affect you in various ways. If your birthday falls after 5 April 1973, it's advisable to reassess any pre-existing plans to see whether this change could impact them.

For instance, you might need to factor in an additional couple of years of saving, which could alter the retirement income available to you when the time comes. On the other hand, if you hadn't planned on touching your pension savings until you turned 57, there's no need for any immediate action.

## Regularly review your retirement plans

Although the change is still four years away, regularly reviewing your retirement plans is a beneficial habit to cultivate. This is especially true as you approach the age

at which you wish to start withdrawing your pension savings.

## Born between 6 April 1971 and 6 April 1973?

If your birthday falls between these dates, you have two choices. Think carefully about which option best aligns with your circumstances.

## Access your pension savings before the window closes

If you'd prefer not to wait until 57 to start withdrawing your pension savings, you'll need to begin accessing your funds after you turn 55 but before 6 April 2028. Accessing your pension savings doesn't necessarily mean withdrawing large or regular amounts. You have the freedom to determine the withdrawal size that suits your needs. However, seeking professional financial advice is crucial if you choose to access your savings during this window.

Also, remember that leaving your pension savings invested for longer could allow them to grow. Furthermore, for most people, withdrawing taxable money from your plan could reduce the amount you can contribute to your plan. This is known as the 'money purchase annual allowance'.

## Wait until you turn 57

Alternatively, you can choose to wait. If you weren't planning on accessing your

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pension savings before age 57, there's no need for action. You can access your pension savings from age 57 onwards at a time that suits you. Just remember, if you don't withdraw anything before 6 April 2028, you'll lose the opportunity to access your pension before age 57.

## Born on or before 6 April 1971?

If you were born on or before 6 April 1971, rest easy. The upcoming change won't affect you or your retirement plans, as you'll already be 57 by the time it takes effect.

## Review your retirement date

Reviewing your retirement date is crucial if you're on your journey towards retirement but haven't reached the finish line yet. Surprisingly, your plan might still indicate your 55th birthday as the day of retirement, even if current regulations prevent you from accessing your funds at that age. This discrepancy could affect your financial plans, making examining and adjusting your retirement date critical.

It's worth noting that your retirement date isn't rigid. You're free to alter it whenever you feel the need. However, the date you select can significantly impact your pension plan and, subsequently, your financial stability during retirement.

## Influence of your retirement date on pension investments

If your retirement date is pegged at your

55th birthday, and you don't plan to access your funds until you're 65, there's a clear misalignment between your investment strategy and your actual retirement plans.

This discrepancy could affect your pension savings' value when it's time for withdrawal. A mismatch between your retirement date and actual retirement plans can lead to unplanned financial outcomes. For instance, if your investments shift towards lower-risk areas prematurely due to an inaccurately set retirement date, you may miss out on potential growth in your pension pot's value. Conversely, if your retirement date is later than when you plan to retire, your investments may remain in high-risk areas for too long, exposing your savings to unnecessary market volatility.

## Want to discuss your retirement date and its impact on your retirement plans?

The reality is your retirement date matters. It's more than just a day on the calendar; it's a crucial factor affecting your financial future. So, don't let an outdated or inaccurate retirement date throw off your investment strategy and jeopardise your hard-earned savings. Please contact us if you need more information or assistance adjusting your retirement date or understanding its impact on your pension plan.

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