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WEALTH **KNOWLEDGE**

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Over-50s are open to a transitional retirement

Almost half of UK workers over the age of 50 would prefer to make a gradual transition towards retirement, research claims.

Opinium polled 1,007 over-50s, all of whom earn more than £20,000 a year, and found that 49% would prefer to adjust the amount of time they work before giving up work altogether.

More than two-thirds (70%) want to reduce the number of days they work each week, while 44% are keen to cut down the number of hours they work each day.

The transitional approach was favoured among respondents in 11 of the UK's 12 regions, while the North-East was the only exception with 34% of those polled favouring this option.

Less than a third (31%) of respondents around the UK preferred the traditional option, where workers go from the usual work pattern to being fully retired in an instant.

Steve Cameron, pensions director at Aegon, said:

"The concept of retirement is changing from traditional to transitional. As people enjoy longer life spans, they no longer yearn to down tools and start retirement in one fell swoop.

"Over-50s in the UK see the appeal of gently easing off the amount of time they work or altering their working pattern."

Talk to us about your retirement plans.

Think tank proposes tax changes to hit the wealthy

A think tank suggests that tightening up some existing wealth taxes and subsidies could help the Government save almost £7 billion a year by 2022/23.

Scrapping the lifetime and help-to-buy ISAs and making pensions tax relief more progressive were among suggestions made by the Resolution Foundation.

It says abolishing the two ISAs would save up to £900 million a year, while capping the tax-free pension lump sum amount at £40,000 a year would raise around £2bn.

The report predicts that as the UK population ages, the cost of public services will rise by £36bn a year by 2030, and £83bn by 2040.

The Resolution Foundation acknowledged that changing wealth taxes would be "politically difficult", but said the funds raised would go some way to cover this growing cost.

Torsten Bell, director of the Resolution Foundation, said:

"The good news is that relatively large sums can be raised simply by tightening up our existing wealth taxes and subsidies.

"That is how we protect our public services without placing all the burden of taxation on hard-earned income from work."

Get in touch to discuss your tax liability.

www.orchidfinancialservices.com

Pensions cold-calling ban takes effect

A ban on cold-calling about pensions came into effect last month, with fraudulent companies that disregard the new rules facing fines of up to £500,000.

Nuisance calls have been a common tactic deployed by scammers who seek to steal savers' life savings or get them to invest in high-risk schemes.

Prior to the ban being introduced on 9 January 2019, an estimated eight scam calls were being made every second – equating to around 250 million a year.

The ban was originally announced in Autumn Statement 2016 but was dropped ahead of the general election in June 2017, leading to criticism that the Government had been slow to implement it.

Under the new rules, companies making unsolicited phone calls to people about their pensions could face fines of up to half-a-million pounds.

Exceptions to the ban include cases where the caller is authorised by the Financial Conduct Authority or is the trustee or manager of an occupational or personal pension scheme, or where the recipient consents to calls.

John Glen, economic secretary to the Treasury, said:

"Pension scammers are the lowest of the low. They rob savers of their hard-earned retirement and devastate lives.

"We know that cold-calling is the pension scammers' main tactic, which is why we've made them illegal."

Kate Smith, head of pensions at Aegon, added:

"Prohibiting pension cold-calling is about protecting savers from being scammed and avoiding the devastating impact that pensions fraud can have.

"While the ban goes some way to protect individuals and their savings, there is still considerable work to be done to educate the public so people are aware cold-calling is illegal."

Anyone receiving a cold call about their pension has been advised to report it to the Information Commissioner's Office.

Contact us to discuss your pension.

Savers hit by avoidable ISA tax charge

Thousands of bereaved partners in the UK could be paying unnecessary tax on inherited ISAs, by missing out on a tax break.

Introduced in 2015, the additional permitted subscription means the spouse or civil partner of someone who has died can inherit the deceased's ISA without paying tax.

The subscription provides an extra ISA allowance to the surviving spouse or civil partner, the value of which depends on when the death occurred.

For deaths before 5 April 2018, the value of the subscription is equal to the value of the deceased's ISA at death.

For deaths after that date, the deceased's ISA becomes known as a 'continuing ISA' and different rules apply to the value of the subscription.

However, a freedom of information request by Zurich suggests only 21,000 people took advantage of the rule in the 2017/18 tax year – an estimated 14% of those entitled to it.

Government figures stated there were more than 22.1 million ISA holders in the UK in 2017/18, while around 150,000 married ISA holders die each year.

As the average value of an inherited ISA stands at £55,000, some savers could be paying £110 a year in tax they did not need to pay.

Alistair Wilson, head of retail platform strategy at Zurich, said:

"Despite being in its fourth year, the take-up of this tax break looks shockingly low.

"People who miss out on the allowance will be hit by a tax bill that quickly eats into the returns on their savings and slows down the growth of their nest egg."

Chat to us about your personal finances.