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Normal Minimum Pension Age update

Essential information for your retirement planning

A significant change is on the horizon that may affect when you can access your pension money. We'll guide you through this change and its potential implications, so you can confidently prepare for retirement.

The current Normal Minimum Pension Age (NMPA) is 55, which means you can start taking your pension savings once you reach that age. Some exceptions exist, such as if you're experiencing ill health or have a lower protected pension age. However, the general rule applies to most people.

Starting from 6 April 2028, the NMPA will increase to 57. This change may affect you differently depending on your birth date. What does this mean for you?

WHAT ACTIONS SHOULD I TAKE?

If you were born after 5 April 1973:
It's a good idea to review any existing plans to determine if the change will affect them. You may need to plan for another couple of years of saving, which could alter your retirement income. No action is required if you didn't intend to access your pension savings before turning 57.

Regularly reviewing your retirement plans is a smart habit, especially as you approach the age when you'd like to start accessing your pension savings.

If you were born after 6 April 1971, but before 6 April 6 1973:
You have two options – carefully consider which one best suits your circumstances.

Option 1: Access your pension savings before the deadline
If you don't want to wait until you're 57 to access your pension savings, you'll need to begin withdrawing funds between turning 55 and 6 April 2028. Remember that you can access your pension savings without taking large or regular amounts; you can decide what's right for you. However, obtaining professional financial advice before making any decisions is essential.

Remember that leaving your pension savings invested longer allows for potential growth. Also, note that taking taxable money from your plan (anything exceeding your tax-free entitlement) may reduce the amount you can contribute to your plan due to the Money Purchase Annual Allowance.

Option 2: Wait until you turn 57
No action is needed if you weren't planning to access your pension savings before age 57. You can access your pension savings at any time after turning 57. However, if you crystallise funds before 6 April 2028, you'll retain the opportunity to do so before age 57.

If you were born on or before 6 April 1971:
No action is required, as you will already be 57 when the change takes effect, and your retirement plans won't be impacted.

Not retired yet? Review your retirement date
Even if you can no longer access your money at 55, your retirement date may still be set to your 55th birthday. It's worth checking it now.

You can change your retirement date at any time, but the chosen date can affect your plan. For example, if you've invested in a lifestyle profile, your pension investments are designed to transition to lower-risk investments as you approach your retirement date. This helps reduce the impact of market fluctuations on your pot's value.

If your retirement date is set to your 55th birthday, but you don't plan to access your money until 65, your investments won't align with your plans, potentially affecting the value of your pension savings when you're ready to withdraw them. ■

THINKING ABOUT RETIRING BUT TRYING TO FIGURE OUT WHERE TO BEGIN?

Retiring is a big decision. You'll have different options when it comes to taking your money. We'll help you find suitable options so you can make the right choices. To discuss your retirement plans, please get in touch with us for more information.