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FOREWORD
BY STEVEN LEVIN

THE NEW NORMAL

There was a time when retirement seemed to take care of itself. It was normal to work, retire and then receive the state pension plus a company defined benefit amount, often a fairly generous figure which also paid out to a spouse or partner on death.

That normality simply doesn’t exist for most people in 2016. There is much less certainty on what retirement looks like and no two experiences will be the same.

The genesis of these experiences also starts much earlier, as defined benefit schemes fall out of favour and defined contribution becomes the most prevalent form of traditional retirement saving. Saving for a ‘pension’ can mean a multitude of different things and the way your savings are organised can make a big difference to whether or not you are able to do what you planned in your life – and also how your money is treated once you die.

The introduction of pension freedoms changed the rules dramatically and gave retirement income a level of public interest it had never seen before. Effectively the policymakers changed the rules, left the ring and took the ropes with them as we entered a new era of personal responsibility in retirement.

But what difference has that made? Have people changed their plans as a result and what does normal for retirement income look like now?

This is Old Mutual Wealth’s third detailed survey of the retirement income landscape. What is becoming clear is that normal looks nothing like it did before. People have adjusted and are operating according to a ‘new normal’.

The new normal involves other sources of income coming to the fore. In the new normal working beyond your state pension age is no longer seen as drudgery. With increasing longevity, the appeal of keeping busy with work has grown. Almost a third of future retirees are expecting work to provide some of their income in retirement, with just under half suggesting one of the reasons for doing so would be to maintain social interaction.

The new normal sees more people actively using their home in their retirement planning as more people anticipate downsizing to provide some income. As longevity continues to improve, using property to provide income cannot be ignored and is likely to increase further. For instance 24% of future retirees have said they would consider releasing value in their home in one way or another.

The new normal means less binary decision making. Each choice an individual makes along the way becomes critical and the answers themselves are less obvious. How do you best invest your savings? Where is the best place for a rainy day fund? How do you want to take income in the future and what happens to your assets when you die?

An abundance of choices to provide answers to the above questions is good, but too much choice can paralyse decision making and this is where the value of advice comes in. The new normal requires a plan. Having a plan in place not only helps you understand what you are aiming for, but regularly reviewing that plan enables you to check you are on track.

The biggest benefit that our respondents felt they received from seeing a financial adviser was not that they felt better off financially, but that it gave them peace of mind that they had made the right decisions.

Individuals are under increasing pressure to make the right choices for their financial future. The responsibility of the financial services industry is to provide the products, support, guidance, and, where possible, advice to ensure those choices create the positive outcome required. The responsibility of policymakers is to ensure a period of stability in order for everyone to acclimatise properly.

I am encouraged to see signs that society at large is adjusting to ‘the new normal’ and policymakers, providers and advisers must also adjust to deliver it.

STEVEN LEVIN
CEO INVESTMENT PLATFORMS, OLD MUTUAL WEALTH
SECTION 1 – THE RETIREMENT EXPERIENCE

15% Only 15% of people we surveyed retired simply because they reached their state retirement age (2015: 19%).
The state retirement age is becoming less of a ‘full stop’ in people’s lives.

1/3 Almost a third (30%) of future pensioners are expecting to work to fund retirement.
Work is increasingly playing a role in our retirement income plans. 56% of those who intend to work suggest one of the reasons they will continue to do so is to help make ends meet.

£5.5k The difference between current average retirement income and expected retirement income is £5,500.
Average retirement income in the UK is £18,000 per annum. The average retirement income expected by those who are not yet retired is £23,500 per annum.

SECTION 2 – PROPERTY WEALTH AND DEBT IN RETIREMENT

24% 24% would consider releasing value from their property to fund retirement.
Use of property wealth to fund retirement is gradually increasing – up from 22% in our last report.

1/3 A third of retirees surveyed were in debt at retirement, with the average debt around £34,000.
Dreams of a debt-free retirement are just that for many. Retirees average debt at retirement is £34,000. Pre-retirees expect a similar amount but only one-fifth expect to be in debt at all.

£67k Londoners hold on average £67,000 of debt at retirement.
Londoners face nearly double the average debt at retirement, highlighting the increased levels of mortgage debt held by people living in London.
SECTION 3 – FINANCIAL ADVICE / PLANNING PAYS

Despite the high profile, a number of respondents are still unsure what the pension reforms mean for them.

Over half our respondents feel that they understand the pension freedoms reforms that were introduced in April 2015. 15% are not aware of the reforms at all.

Only 17% of respondents are interested in exchanging their regular annuity income for a lump sum under a proposed secondary annuity market.

The proposed secondary annuity market is still failing to capture the public’s imagination, with this response down from 19% when we asked the same question in 2015.

SECTION 4 – RULE CHANGES

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Only 17% of respondents are interested in exchanging their regular annuity income for a lump sum under a proposed secondary annuity market.

The proposed secondary annuity market is still failing to capture the public’s imagination, with this response down from 19% when we asked the same question in 2015.

SECTION 5 – PASSING ON WEALTH

29% of our survey said they had received, or expected to receive, an inheritance.

Inheritance forms a large part of many retirement income plans. A main residence just exceeds other savings as the most common form of inheritance.

60% of respondents expect to leave an inheritance when they die.

Conversations around inheritance are still taboo. Only 48% have had a conversation with those who are set to benefit, and only 2% of conversations were initiated by the beneficiary.
Does such a thing as ‘retirement’ exist any more?
Defined as the ‘period where a person ceases to work’, retirement is now unrecognisable from the era where you worked in the same place your whole adult life, and were given a carriage clock when you were obliged to leave because you had reached retirement age.

Our data continues to show a reshaping of this period of a person’s life – particularly with regards to work. We asked why people chose to stop full time work and the role that part-time work plays in the period formerly known as retirement.

**REASONS FOR RETIREMENT**

- **32%** Retired to enjoy a second life in retirement (2015: 34%).
- **15%** Retired simply because they reached their state retirement age.
- **13%** Almost twice as many women as men (7%) retired for family reasons.
- **x2** Nearly twice as many pensioners with defined benefit schemes retired because they took voluntary redundancy, compared with those in defined contribution schemes.

**WHY DID YOU DECIDE TO RETIRE WHEN YOU DID? (SELECT ALL THAT APPLY)**
SECTION 1: THE RETIREMENT EXPERIENCE

‘RETIRED AGE’ IS DISAPPEARING

- Retirement age is disappearing as almost a third of future pensioners are expecting to work to fund retirement.
- They also expect it to account for almost a third of their total income.
- Just 12% of current retirees are in part-time work.

The number of people approaching retirement age expecting part-time work to contribute to meeting their future needs for retirement income has increased to 30% since Old Mutual Wealth’s last research in 2015, which showed 26% were expecting to work part-time in retirement.

These figures compare to just 12% of existing retirees who are currently working part-time to supplement other sources of retirement income, including the state pension and other savings. Part-time work is equally valuable for current and future retirees as both groups expect to secure around 30% of their total retirement income from employment income.

WHY WOULD YOU CONTINUE TO WORK IN RETIREMENT?

- Of those approaching retirement suggest one of the reasons they will continue to work is in order to make ends meet. (56%)
- Said they also wanted to maintain social interaction. (47%)
- Felt too young to retire. (61%)
The average income of today’s retirees is £18,000 per annum – a fall from £19,700 in 2015.

The average retirement income expected by those who are not yet retired is £23,500 per annum – also a fall from our last report (2015: £26,000) but still highlighting a significant gap between expectation and reality of £5,500. While this is a smaller gap than shown in our 2015 report, this is still a significant difference.

Perhaps what is most worrying is that retirement income levels overall have deteriorated, suggesting a ‘spend now, save later’ attitude is becoming more prevalent in the UK.

Sources of income in retirement

‘Retirement’ and ‘old age pension’ are terms that have been intertwined for decades. You retire and you receive your pension, right? Wrong.

Over the past three years our survey has shown an increasing shift from pure pension income to a blend of some pension income with other sources to supplement it.

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The average retirement income expected by those who are not yet retired is £23,500 per annum – also a fall from our last report (2015: £26,000) but still highlighting a significant gap between expectation and reality of £5,500. While this is a smaller gap than shown in our 2015 report, this is still a significant difference.

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Over the past three years our survey has shown an increasing shift from pure pension income to a blend of some pension income with other sources to supplement it.

### Table: Sources of Retirement Income

<table>
<thead>
<tr>
<th>Source</th>
<th>Pre-Retiree</th>
<th>Retiree</th>
</tr>
</thead>
<tbody>
<tr>
<td>% using this source</td>
<td>Avg % of income from this source</td>
<td>% using this source</td>
</tr>
<tr>
<td>Pension (State)</td>
<td>90% (87%)</td>
<td>44% (42%)</td>
</tr>
<tr>
<td>ISAs</td>
<td>28% (32%)</td>
<td>13% (13%)</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>34% (36%)</td>
<td>14% (16%)</td>
</tr>
<tr>
<td>Other investments (stocks and shares, bonds etc.)</td>
<td>16% (16%)</td>
<td>14% (13%)</td>
</tr>
<tr>
<td>Part-time work</td>
<td>30% (26%)</td>
<td>28% (24%)</td>
</tr>
<tr>
<td>Property – equity release from main home</td>
<td>6% (5%)</td>
<td>21% (33%)</td>
</tr>
<tr>
<td>Property – downsize from main home</td>
<td>12% (16%)</td>
<td>24% (24%)</td>
</tr>
<tr>
<td>Property – buy to let/rental income</td>
<td>8% (7%)</td>
<td>32% (30%)</td>
</tr>
<tr>
<td>Inheritance</td>
<td>16% (15%)</td>
<td>20% (24%)</td>
</tr>
<tr>
<td>Company pension (based on salary/earnings – also known as a defined benefit (DB) pension)</td>
<td>34% (37%)</td>
<td>45% (48%)</td>
</tr>
<tr>
<td>Company pension (based on contributions made – also known as a defined contribution (DC) pension)</td>
<td>32% (29%)</td>
<td>28% (28%)</td>
</tr>
</tbody>
</table>

2015 numbers in brackets
SECTION 1: THE RETIREMENT EXPERIENCE

THE DB TO DC SHIFT GATHERS PACE

Half of current retirees rely on final salary pensions but only a third of ‘pre-retirees’ will get such a pension.

The UK is reaching a tipping point where savings in defined contribution (DC) pension schemes become more prevalent for retirement income than final salary or defined benefit (DB) pension schemes.

Just 34% of those aged 50+ who are not yet retired (‘pre-retirees’) expect some of their retirement income to be provided from benefits built up within a final salary scheme, down 3% in a year. This compares to 50% of those already retired where some retirement income is provided through previous membership of one or more final salary schemes.

For those in the run-up to retirement, pension savings built up through defined contribution funds are now almost as common as those from final salary schemes, with 32% of pre-retirees expecting to use DC money to fund their life after work. This is up 3% in a year and compares to only 24% of current retirees who fund a proportion of their retirement income from a DC scheme. (See graphic below).

At this current rate, more UK pensioners will expect to fund some of their retirement income from DC schemes than final salary schemes for the first time this year.

The decline of the availability of UK’s final salary pension schemes has been well-publicised recently following the difficulties engulfing Tata Steel and BHS. This has brought the country’s historic reliance on final salary pension schemes as a means of providing mainstream retirement income into stark focus and has further highlighted the need for people to take personal responsibility for their own retirement.

The government’s auto-enrolment initiative, which has seen almost nine million people start paying into a DC pension alongside their employer, is making a difference, meaning the vast majority will one day retire with pension savings in one or more DC schemes. ONS data from the Occupational Pension Schemes Survey 2014 showed that private sector membership of DC schemes jumped from 1.2m in 2013 to 3.2m in 2014.

However, current contribution levels are low and alone will not be a substitute for the decline of benefits that may otherwise have been provided from final salary pensions.
In comparison, 12% of those aged 50-75 who are not yet retired will look to downsize and 6% expect to use an equity release scheme.

As well as a larger number of people looking to release value from their homes, the proportion of retirement income that comes from these sources looks set to increase too.

Of those retirees who used it, equity release accounts for just 5% of their total income (which can also include pensions, savings and part-time work), but those approaching retirement plan to secure more than one-fifth (21%) of their total retirement income from it.

Those retirees who downsized derive on average 16% of their total income from that source. However, those approaching retirement expect to secure around a quarter (24%) of their total retirement income by selling the family home.

The significance of buy-to-let portfolios for retirement income remained relatively stable, despite the changes to stamp duty and further upcoming changes to mortgage interest relief. Our respondents' reactions to those changes are explored further in section four.
24% would consider releasing value from their property to fund retirement, up from 22% in our last report. However, the numbers suggesting it will be used to pay for long term care have fallen to 25% from 34.

Would you consider releasing value from your property to fund your retirement?

Which of the following represent why you would consider releasing value from your property in retirement?

- To help provide an income
- To pay for long term care
- To help me pass on money to my children/grandchildren while I am alive
- To reduce my inheritance tax liability when I die
- To enable me to leave my pension untouched so it can pass on tax efficiently to beneficiaries

Why would you not consider releasing value from your property in retirement?

- I don’t need the extra income
- I want to leave my house to my children/grandchildren when I pass away
- I don’t want anyone else to have an interest or hold over my property
- I don’t believe I would get good value for money by doing this
- I don’t understand how I could release value

2016 results
- 80% Yes
- 20% No

2015 results
- 85% Yes
- 15% No

Old Mutual Wealth

24% Yes
57% No
One in three current retirees held some form of debt at the point they decided to start their retirement, compared to just one in five of those not yet retired who expect to have debt when they retire.

In addition, more than half of those retirees who had debt at the point they started retirement have not paid the debt off and continue to manage that debt while in retirement.
Mortgages were the most common source of debt carried into retirement, with two-thirds of all those claiming debt at retirement stating they had outstanding mortgages to pay off.

Just under half of those with debt said they had outstanding amounts on credit or store cards.

The average debt at retirement for the already retired is £34,200, a slight fall from the average of £34,600 reported in Old Mutual Wealth’s last retirement report.

While fewer retirees in London had debt when they retired, the value of that debt is markedly higher, reflecting higher house prices and bigger mortgages. 28% of London retirees had debt, but that debt averaged £67,000, almost twice the national average. Almost two-thirds of Londoners who retired with debt are still in debt.

Scotland’s future retirees expect to enter retirement with more than twice as much debt as those who are already retired.

**Regional Levels of Retirement Debt**

- **Scotland**
  - Average debt in retirement for a retiree (£31.5k)
  - Average Expected debt in retirement (£54.2k)

- **Wales**
  - Average debt in retirement for a retiree (£31.6k)
  - Average Expected debt in retirement (£38.4k)

- **South**
  - Average debt in retirement for a retiree (£40.7k)
  - Average Expected debt in retirement (£31.7k)

- **North**
  - Average debt in retirement for a retiree (£25.9k)
  - Average Expected debt in retirement (£31.1k)

- **Midlands**
  - Average debt in retirement for a retiree (£25.4k)
  - Average Expected debt in retirement (£51.1k)

- **East of England**
  - Average debt in retirement for a retiree (£25.4k)
  - Average Expected debt in retirement (£51.1k)

- **London**
  - Average debt in retirement for a retiree (£67k)
  - Average Expected debt in retirement (£56.5k)

**Key** (UK average)

- Average debt in retirement for a retiree (£34.2k)
- Average Expected debt in retirement (£34.1k)
SECTION 3
FINANCIAL ADVICE PAYS

Retirees who stated that they had a target income in mind and who saw a financial adviser regularly to review their plans receive on average 41% more income in retirement than those retirees who had never seen a professional.

Using an adviser, either as a one-off or consistently, appears to have a significant impact on financial matters.

<table>
<thead>
<tr>
<th>No Financial Advice</th>
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<tr>
<td>Financial Advice</td>
<td>=</td>
<td>£20,873</td>
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<tr>
<td>Target + Financial Advice</td>
<td>=</td>
<td>£24,175</td>
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</tbody>
</table>
SECTION 3: FINANCIAL ADVICE PAYS

AFFORDABILITY OF RETIRING

68% of those who had an income target and saw an adviser regularly retired because they felt they could afford to. If our retirees had never seen a financial adviser, just 26% of them suggest they felt they could afford to.

WHEN AND WHY DID YOU USE A PROFESSIONAL FINANCIAL ADVISER?

WHICH OF THE FOLLOWING, IF ANY, DO YOU FEEL YOU BENEFITED FROM AFTER RECEIVING PROFESSIONAL FINANCIAL ADVICE?

REGULAR FINANCIAL ADVICE

A regularly advised pre-retiree expects to have saved an average of £170k in pensions (excluding DB entitlements) by the time they retire, whereas a non-advised pre-retiree expects to have saved just over £100k by the time they retire.
Rule changes have turned the pensions world upside-down in recent years. While the industry has grappled with the technicalities, the public has been trying to keep up. We looked at whether the public felt they knew what these changes are and how they are impacted.

April 2015 pension freedoms

Encouragingly, only 15% of respondents said that they were not aware of the pension reforms that came into force in April 2015. However, only around half were aware of the impact these reforms had on them.

The picture is even more encouraging when you add advice into the mix, as just 6% of respondents who had seen a financial adviser regularly claimed no awareness of the pension reforms.

Given the significance of the changes, and the publicity surrounding the Government’s free guidance service, Pension Wise, it is less encouraging to note that just 3% of our respondents said they had spoken to Pension Wise regarding the reforms.

Respondents aged 60-64 appear most engaged with these rule changes, with just one in ten stating they were unaware of the reforms. Almost half of this age group (48%) have conducted research online, 13% have spoken to an adviser and 35% have conducted none of the above research suggestions.
More people are being contacted by phone about withdrawing their funds and diverting their savings into other investments with the promise of amazing returns, which often fail to materialise.

More than one in ten (12%) of the over-50s have been contacted about a ‘free review’, ‘unlocking’ or ‘liberation’ of their pension. 68% of those contacted have been contacted by phone, an increase from 56% identified in a separate survey undertaken in March 2015.

**TO AVOID BECOMING A VICTIM OF A PENSION SCAM WE SUGGEST PEOPLE TAKE THREE STEPS TO MAKE SURE THEY ARE COMFORTABLE THEY ARE MAKING THE RIGHT DECISION:**

1. If you are cold-called, do not agree to anything on the first call. Take the company’s details and do your own research.

2. Check the FCA’s Scamsmart site for companies on the warning list.

3. Speak to a financial adviser to be sure of your legitimate options with your pension savings.
The Government and FCA are consulting on the introduction of a secondary annuity market intending to provide opportunities for those who have already exchanged their pension savings for an annuity to exchange their regular income for a lump sum.

In this survey and in our previous edition, we asked respondents for their attitudes towards such a market and the results reveal a certain degree of apathy.

- **63%** of regularly advised respondents are not interested in selling their annuity.
- Only **8%** of respondents who had ever seen an adviser feel they would get a good deal, compared to **20%** of those who have never seen an adviser.
- None of the respondents who saw an adviser on a regular basis felt they would receive a good deal from selling their annuity.

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**Would you be interested in selling your annuity for cash if this option was available?**

- I am not interested in selling my annuity for cash: **49%**
- I would be interested in selling my annuity for cash: **17%**
- Not applicable: **6%**
- Not sure: **28%**

**For which of the following reasons, if any, would you not sell your annuity?**

- I have immediate needs for a cash lump sum: **63%**
- The payment I receive from my annuity is small, and I would prefer a cash lump sum: **59%**
- I believe I will receive a good deal from selling my annuity: **56%**
- I want to invest the money in something else: **53%**
- I want to give cash lump sum to friends / relatives: **50%**
- Not sure: **10%**

**For which of the following reasons, if any, would you sell your annuity?**

- I don't need a cash lump sum: **90%**
- Selling my annuity would be a hassle: **90%**
- I want to receive a guaranteed income from my annuity: **80%**
- I don't believe I would get a good deal for my money: **70%**
- I think selling my annuity would be a hassle: **60%**
- Other: **50%**
- Not sure: **40%**
Changes to pensions and inheritance tax have made estate planning as important, if not more important, than planning for income during retirement.

29% of our survey said they had received, or expected to receive an inheritance. A main residence just exceeds other savings as the most common form of inheritance and overall those aged 50-75 have or expect to receive an inheritance value of £113.6k.

Strikingly, twice as many of our respondents expect to be able to leave an inheritance, with a remarkable 85% looking to hand down their main residence when they die.

Understanding the rules

How a person’s assets are structured can have a massive impact on estate planning and having a clear idea of what the intention is for those assets is critical. However, our data shows that less than half of those who plan to leave a legacy have discussed it with those who stand to benefit.

ON A SCALE OF 1 TO 5, WHERE 1 IS THE LOWEST AND 5 IS THE HIGHEST, HOW WOULD YOU RATE YOUR UNDERSTANDING OF THE RULES REGARDING INHERITANCE?

NEW RULES NOW MEAN THAT MONEY HELD IN A PENSION ON DEATH BEFORE 75 CAN BE PASSED DOWN TO BENEFICIARIES TAX-FREE. HAS THIS HAD AN IMPACT ON THE ORDER IN WHICH YOU PLAN TO USE YOUR ASSETS TO FUND YOUR RETIREMENT?
SECTION 5: PASSING ON WEALTH

INHERITANCE

Have you already received an inheritance, or do you expect to receive an inheritance in the future?

- Yes: 61%
- No: 29%
- Didn’t know: 10%

Do you expect to be able to leave an inheritance behind as a legacy for others?

- Yes: 60%
- No: 21%
- Didn’t know: 19%

Have you discussed your plans for the inheritance you will leave behind with those who stand to benefit?

- Yes: 48%
- No: 52%

Did you raise the subject of their inheritance, or did they?

- They started the conversation: 2%
- I started the conversation: 98%

In what form do you expect to leave your inheritance behind?

- Main residence: 85%
- Property portfolio/buy to let: 11%
- Pension savings: 11%
- Other savings/investments: 11%
- Valuables or other assets: 26%
- Don’t know: 4%

Changes to rules from April 2017 will mean that a married couple can pass down a house valued at up to £1m without it being subject to inheritance tax. Has this changed any plans you had to downsize?

- Yes - I had planned to downsize but now do not need to: 2%
- No - I still plan to downsize: 24%
- No - I had always intended to stay in my house: 53%
- No - my house is worth more than £1m: 2%
- Don’t know: 19%
### In What Form Did You Receive Your Inheritance/Do You Expect to Receive Your Inheritance?

<table>
<thead>
<tr>
<th>Form of Inheritance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main residence</td>
<td>45%</td>
</tr>
<tr>
<td>Property portfolio/buy to let</td>
<td>40%</td>
</tr>
<tr>
<td>Pension savings</td>
<td>35%</td>
</tr>
<tr>
<td>Other savings/investments</td>
<td>30%</td>
</tr>
<tr>
<td>Valuables or other assets</td>
<td>25%</td>
</tr>
<tr>
<td>Size of inheritance not discussed/known</td>
<td>20%</td>
</tr>
</tbody>
</table>

### How Much Do You Expect to be Able to Leave Behind as an Inheritance?

<table>
<thead>
<tr>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £49,999</td>
<td>45%</td>
</tr>
<tr>
<td>£50,000 to £74,999</td>
<td>40%</td>
</tr>
<tr>
<td>£75,000 to £99,999</td>
<td>35%</td>
</tr>
<tr>
<td>£100,000 or more</td>
<td>30%</td>
</tr>
</tbody>
</table>

### Thinking About the Inheritance You Have Already Received and/or Expect to Receive, How Much Do You Stand to Inherit in Total?

<table>
<thead>
<tr>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £19,999</td>
<td>40%</td>
</tr>
<tr>
<td>£20,000 to £39,999</td>
<td>35%</td>
</tr>
<tr>
<td>£40,000 to £49,999</td>
<td>30%</td>
</tr>
<tr>
<td>£50,000 to £74,999</td>
<td>25%</td>
</tr>
<tr>
<td>£75,000 or more</td>
<td>20%</td>
</tr>
</tbody>
</table>

| Size of inheritance not discussed/known | 15% |
| Don't know                | 10% |
There is a ‘new normal’ emerging for our nation’s retirees. No longer are older Britons quitting their jobs on a single day and riding off quietly into the sunset. Retirement is a transition to a life stage generations didn’t have before. People are increasingly continuing to work part-time. They are drawing income from different sources, with less reliance on the state or a gold-plated final salary pension.

At the same time, tomorrow’s retirees face a whole new set of financial challenges. Many are carrying mortgages and debt into retirement. They have to get to grips with longevity risk to take advantage of the pension freedoms afforded to them.

All of which requires a new approach to retirement planning. The traditional approach of preparing for retirement as a single event, with their ‘retirement date’ marked as a finish line, is no longer appropriate.

With a greater number of sources of wealth being used to deliver future income needs, ensuring that savings are used in the most tax efficient way to deliver income is increasingly important.

And whilst it is encouraging to see that an increasing number of individuals are aware of the pension freedom reforms, there is a significant percentage of those who do not have any understanding of how they could affect their retirement income plans. Not all arrangements in which people’s pension savings are currently held will deliver the flexible choices that many will need to really improve their retirement journey. Reviewing what choices their pension savings currently offer against what they want in the future is vital.

With more options available, deciding your own path can be a daunting task. This report highlights that taking professional advice is an effective way to help navigate the array of choices and provide peace of mind that you are making the right decision.

Additionally, as the rules around passing on pension savings have changed, understanding how they can be used to provide a legacy will become increasingly important. This report indicates that there is a lack of understanding as to what the rules now are and what potential choices are available. Ensuring that pension savings and other assets are held in ways that can deliver the desired, and agreed, outcome when they need to be passed on is crucial in giving peace of mind that everything has been put in place.

The whole face of retirement is changing and there is, without doubt, a far greater onus on people to take responsibility for their financial future. Encouragingly, this report shows people are continuing to adjust, plan and take action according to today’s reality – the new normal.

ADRIAN WALKER
RETIREMENT PLANNING EXPERT
This survey has been conducted using an online survey administered by YouGov Plc GB, who selected participants from a panel of 350,000+ individuals who have agreed to take part in surveys.

An email was sent to panellists selected at random from the base sample according to the sample definition, inviting them to take part in the survey and providing a link to the survey. However this does vary dependent upon the subject matter, complexity and length of the questionnaire. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or, if not available from the census, from industry accepted data.

YouGov plc makes every effort to provide representative information. All results are based on a sample and are therefore subject to statistical errors normally associated with sample-based information.
The values of investments and the income from them, as used in income drawdown, may go down as well as up, and you may not get back what you put in.

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Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

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