

# Introduction to Retirement Factsheet

Introduction to Retirement can be taken as part of the wider Introduction to Products Series, which also covers Protection, Mortgages and Savings and Investments. It is ideal for new recruits to a firm to give them an introduction to retirement products and their uses.

## 1. Retirement Marketplace

### Introduction: What Do You Think?

What is your understanding of a pension plan?

Select one of the options then click the **Confirm** button.

- A pension plan is a tax-free lump sum given to a person by their employer when they retire.
- A pension plan is money the government gives to people when they retire.
- A pension plan builds up a fund, or benefit entitlement, throughout a person's working life, in order to fund their retirement.

**Confirm**

That's right. A pension plan is a means to build up a fund, or benefit entitlement, by the pension holder throughout their working life in order to fund their retirement and supplement any basic state pension from the government. Employers may also pay into an employee's pension plan.

Click the **Next** button to continue through the course.



Exit



Main Menu



◀ Back 2/12 Next ▶

## Programme outline

Introduction to Retirement consists of seven main lessons on:

- Retirement market (13 mins)
- State provisions (22 mins)
- Eligibility and allowances (13 mins)
- Individual pension arrangements (17 mins)
- Occupational pensions (21 mins)
- Retirement benefits (21 mins)
- Rules and regulations (23 mins)

Length of programme: 109 minutes

Topics include:

- Stages of pension arrangements – savings and benefits
- Advantages of paying into a company scheme
- SERPS
- State Second Pension
- Contracting out
- State Pension Credit Act 2002
- Eligibility and allowances
- Annuities
- Death benefits
- Phase retirement
- Defined benefits
- Triviality

diversity and complexity

### 3. Eligibility and Allowances

#### Pension Contribution Limits: Introduction

After a discussion with his Financial Adviser, Bruce has now joined a pension scheme and begun making monthly contributions. But he has some concerns about limits and how they are taxed. Click the **Play** button in the image to begin the conversation.

**Contribution limits**  
There are no limits on contributions that may be paid into pension schemes by and for an individual, however tax relief on contributions will be limited by two factors:

1. It applies up to 100% of UK earnings.
2. If earnings are below £3,600, tax relief will be available on contributions up to £3,600 gross where these are made to a scheme which operates 'PIRAS' (Pension Income Relief at Source).

Under PIRAS, tax relief at the basic rate is automatically added to the contribution.

**NEXT >**

Click the **Next** button to continue through the course.

Exit

Main Menu

Back 4/12 Next

refreshing  
& lively

confidence

#### Unique features

Scenario based – Trisha, a working mother, goes to see Anand as she is worried about not saving enough for her retirement. She is eligible for an additional state second pension. Trisha speaks to her sister about Retirement Annuity Plans (RAPs). Anand explains the different individual personal pensions available and explains the benefits of RAPs to her. He gives her advice about contracting out of the Additional State Pension. Trisha's sister gives her advice about taking benefits but this information is out of date.

Simon is the Managing Director of a small company and wants to set up a pension scheme for his employees. He goes to see Anand for advice on which scheme to use and on tax benefits.

Dawn goes to see Anand for advice as she is approaching retirement and wants to know how her pension fund will turn into retirement income and learn more about her benefit options. She considers annuities and unsecured pensions and asks Anand about death benefits so that her husband is covered.

Jessica goes to see Anand as she is going through a divorce and needs advice on how she could share her soon to be ex-husband's pension. Anand presents her with her options.

Roger's company is in serious financial difficulty and he goes to see Anand to discuss how bankruptcy and money laundering could impact on his pension.

This refreshing and lively approach enables learners to gain knowledge from learning materials based on real life situations. The programme is very heavily based on different scenarios and this enables the learner to understand the diversity and complexity of various pension situations.

#### Benefit for employees

Enables new employees to gain the confidence which will help them to perform their role more effectively and give them a firm base on which to continue to build their skills and knowledge.

#### Benefits for employers

- An employee's record of completion demonstrates an organisation's commitment to the rules and regulations imposed by the regulators concerning the selling and servicing of financial services products
- As it is an online programme, employees are able to access learning around their work commitments
- Short, online assessments continually test and reinforce employees' learning, allowing employers to be confident that employees understand essential information
- It is developed by the industry for the industry

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