

## Which is better for retirement?

You may be wondering whether it is better to save into an ISA or a defined contribution/money purchase pension for your retirement. The main differences between pensions and ISAs is tax relief and when funds can be drawn. So, how do they compare?

### Pensions

### ISAs

Can I have instant access?	No access before age 55 (rising to 57 in 2028) unless due to ill health or protected retirement age.	Yes
What's the maximum I can pay in each tax year?	£3,600 gross or 100% of net relevant earnings (whichever is higher), subject to annual allowance limits (currently £60,000 but can be lower for high earners).	£20,000 each tax year
What tax relief is available on my contributions?	Immediate 20% available, higher/additional rate taxpayers can claim further relief via self-assessment.	None
How much tax will I pay on withdrawals?	25% tax-free lump sum at retirement, Income Tax on the remaining 75%, at your marginal rate.	Capital Gains and Income Tax-free withdrawals
What happens when I die?	Pension funds not currently included in your estate for IHT purposes. Death benefits are tax free where death occurs before deceased's 75th birthday but subject to beneficiary's marginal rate of tax if deceased was over 75 at date of death.	Full value is included in your estate for Inheritance Tax (IHT) purposes.

So which do you invest in? The short answer is that you can do both, it doesn't need to be an 'either/or' choice.

ISAs and pensions offer different ways to save for a mix of short, medium and longer term financial needs when combined. We can help you to use both pensions and ISAs as part of a holistic approach to your financial planning needs, so that you don't miss out on the benefits of both.

The value of an investment with St. James's Place will be directly linked to the performance of the funds you select, and the value can therefore go down as well as up. You may get back less than you invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

**To find out more about the best option for you, then get in touch today and speak to a St. James's Place adviser.**

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