



News from Louis Letourneau.

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[Louis Letourneau](#) looks at the new pension laws which are coming in next year

Are you one of those guys who glaze over as soon as anyone mentions the word [pension](#)? Prefer to think of yourself as eternally youthful – the Peter Pan of the gay world? Let's face it, none of us likes to think of ourselves being old and wrinkly – we'll never lose our looks.

Sadly, the reality is that, however hard we try, we can't avoid getting older, and at some point, and unless we meet our rich sugar daddy before too long, we'll have to think about retirement planning. If only it was that easy.

Did you know that there are currently eight pension regimes in force, and chances are you're subject to at least one of them? If you are mid 30s, chances are you've got several of them by now. How they interact with each other is very complicated and, I promise you, I'm not going to bore you with any details. Suffice to say that everyone is thoroughly fed up with the system as it currently stands, and changes are on the way.

The new regime, to be introduced from 6 April 2005, is being called 'pension simplification'. What an over-statement that is; they are anything but simple. Many of the measures are very good, but some of you rich queens out there, beware – you may not be able to make any further pension contributions.

One of the main proposals is that you can contribute almost unlimited amounts to a pension arrangement, but once you accrue more than £1.4m as a fund, you can't save anymore without being taxed heavily on the excess. I know this seems a huge amount of money, but anyone in their early 30's with a reasonable sized fund may also be caught. All is not lost though; you can apply for protection against this tax if you already have a sizeable fund.

If you're a member of a good occupational pension scheme, any pension benefits earned will be converted on a 20-to-1 basis; in other words, £70,000-a-year pension is the maximum before you fall foul of the new rules. This could well impact on some higher paid members of the medical profession, for example.

And attention anyone who had visions of retiring to Gran Canaria at age 50. If you aren't 50 until after 2010 you won't be able to retire until you are 55 even, if your policy document says you can.

Another issue is the amount of tax-free lump-sum available to you once the new rules come into force. This will be restricted to 25% of your accumulated fund from any source. "So what?", I hear you say. Well, if you have a paid-up pension that you've been meaning to move, and that gives you a higher entitlement, move it now. If you wait, any additional

amount will be lost to you, but existing higher amounts will be honoured. Basically, you need to have moved before April 6th next year to be sure of retaining your entitlement.

Many of the proposals are good news, however, and one that's particularly attractive to gay men is the availability of tax-free cash on any protected rights' funds accrued. These are the funds that you may have as a result of contracting-out of the earnings related element of state pension provision. This has been a good idea for gay men, especially partnered gay men because of the current rules which say that if you die before or after state pension age, your state pension dies with you. This is set to change in 2010, if the new partnership proposals ever come in. However, from April 6th next year, you'll effectively be able to get up to 25% tax-free cash from this pot of money –a definite improvement.

Sadly, [pension discrimination](#) is still alive and kicking in the gay world, and these new proposals do very little in this respect. Private sector pension schemes are not able to actively discriminate on the grounds of sexuality, but many get around this by simply stating that they only recognise legally married people. However irritating this is, you should think very carefully before leaving a good occupational pension scheme.

Pensions have always been complicated, and the new simplification proposals are a definite step in the right direction in removing much of the mystique still surrounding them. However, some of you do need be careful about planning, and good, independent advice remains essential. There are many pitfalls that can be avoided with the [right professional advice](#).

Louis Letourneau is a Director of Isis Financial Planners Limited. Isis offers truly independent specialist advice to the gay community and can be contacted on 0845 1300 778 and email postbox@gayfinance.info . You can also visit our website at www.gayfinance.info

Louis Letourneau, MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people living with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

For further advice on [Wills](#), [Life Assurance](#), [Tax](#), [Investments](#) and [Pensions](#), contact Isis Financial Planners:

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