Expert advice

Legal, financial and family matters

Freedom of choice

Retirees may think it's too late for them to look at pension planning and, prior to the introduction of the new pension freedoms in 2015, this was probably true.

Before 2015, you would usually take your tax free cash and receive the balance of your fund as an income. Typically, you'd need to live 20 years to receive an amount equal to the whole fund and for smaller funds, this could result in a meaningless income.

Now though, you can now access the whole fund and, as the government is providing tax relief on pension contributions (even to non-taxpayers) this could result in an immediate 25 percent return on your investment.

To illustrate this, imagine that a woman, Mary, is 70 years-old and has only the basic state pension as income, amounting to £7,000 per annum. She and her husband John (who is 75) have joint savings of £50,000. Mary contributes £2,880 into a pension and receives £720 tax relief directly into her pension, bringing it up to £3,600.

She then takes 25 percent of the pension (£900) as a pension commencement lump sum (or tax free cash) and, as the remaining £2,700 does not exceed her personal allowance in relation to income tax when added to her £7,000 income, she can take the whole of this without paying tax too. So a contribution of £2,880 has produced 25 percent growth overnight.

In short, while it cannot be said that you're never too old for a pension – HMRC cease to grant tax relief for over 75s – for those under this age, it's certainly worth seeking advice.

• Written by Julian Lowe, director of Applewood Wealth Management Ltd.

Separate ways

According to the Office for National Statistics, cohabiting couple families were the fastest growing family type between 1996 and 2016, more than doubling in number from 1.5 million to 3.3 million families.

While the everyday life of cohabiting couples may be indistinguishable from that of married couples or civil partners, some of the laws around the breakdown of such a relationship are very different.

Firstly, what happens to the family home may be more complicated. If you are married and separate, you will both have claims to your home regardless of who owns what. If you are cohabiting and have joint ownership, then, unless you agreed otherwise, both parties should be entitled to something. However if only one person owns the house, the basic legal position will be that the non-owner has no claim.

Also, you will not have a claim to the finances of a partner you live with, if you have never married, unless you shared joint assets such as a joint bank account. Usually, anything in the sole name of one partner will be theirs to keep. That said, couples who live together, or are planning to do so, can secure their financial position by entering into a cohabitation agreement.

While the financial position on the breakdown of a cohabiting relationship is less favourable than for married couples, the law concerning any children involved is actually the same.

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Forward looking

Income protection insurance is a long term policy that provides a monthly payment if you can't work because you're ill or injured, and typically pays out until you can start working again, retire, die or the policy term ends.

This insurance covers most illnesses that leave you unable to work, either in the short or long term, depending on the type of policy and its definition of incapacity. It's important to note there's a waiting period before any payments start, generally after sick pay ends or other insurance stops covering you. The longer you wait, the lower the monthly payments.

The state does offer a monthly income, the Employment and Support Allowance (ESA). However, this is very basic, providing just £125 per week even though the average UK household spends £1,503 per month. This figure is based on personal circumstances, but would likely mean you would need to tighten the purse strings considerably, which is why income protection policies are so important.

Worryingly, half of Britons questioned for a study by insurer Zurich displayed a classic 'it won't happen to me' attitude to being unable to work through a disability. However, being diagnosed with an illness or having an accident that prevents you from working could happen at any time.

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