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Financial Planning

BECAUSE THE WORLD IS...

MAY 2023

GUIDE TO

PLANNING AND PREPARING FOR RETIREMENT

Helping you on the way to achieving your ideal retirement lifestyle

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GUIDE TO

PLANNING AND PREPARING FOR RETIREMENT

Helping you on the way to achieving your ideal retirement lifestyle

WELCOME

Welcome to our *Guide to Planning and Preparing for Retirement*.

Retirement planning can seem overwhelming, but with careful consideration and expert professional financial guidance, it should be a rewarding experience.

When it comes to retirement planning, taking into account all factors is crucial. It is important to determine your goals and dreams for the future, as this will influence the amount of money you need to save and invest and the timing of your retirement.

Along with this, it is essential to consider various other factors such as life expectancy, projected investment growth and inflation, which are also significant. These factors will impact on your retirement savings and how long the money will last.

Additionally, it is important to carefully plan how your retirement income will be drawn, as this decision influences the level of investment risk you are prepared to take. Whatever your vision for the future, it's important to plan ahead and take the necessary steps to make it a reality.

Ultimately, preparing for your retirement is all about finding the right balance between enjoying the present and investing in your future. It requires careful planning, a long-term perspective, and a willingness to adapt and adjust as circumstances change.

With the right approach, you can create a retirement that is both financially secure and fulfilling, allowing you to enjoy the rewards of a lifetime of hard work and dedication. ●

YOU CAN REST ASSURED THAT YOU'LL ALWAYS HAVE THE SUPPORT YOU NEED TO ACHIEVE YOUR RETIREMENT GOALS

Don't wait to plan for your future - contact us today to get started on your retirement journey!

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAX ADVICE.

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TAKING A PROACTIVE APPROACH TO RETIREMENT PLANNING

Many of today's workers are often left to their own devices to save for life after work

It's no secret that the traditional approach to retirement planning is becoming increasingly obsolete. While previous generations may have depended on their employers to provide them with a comfortable retirement, many of today's workers are often left to their own devices to save for their retirement.

However, even as individuals take on more responsibility for their financial futures, they face a number of challenges that can make this task all the more daunting. With the UK's demographic landscape evolving rapidly, factors like increased longevity and delayed marriage are making it harder than ever for people to accumulate the savings they need to retire comfortably.

Whether you're just starting out in your career or nearing retirement age, it's never too early or too late to start planning and saving for the future. By taking a proactive approach to retirement planning and seeking out expert professional advice where necessary, you can position yourself for success and enjoy the retirement you deserve.

FINANCIALLY STABLE

Research[1] into the attitudes of the over-50s towards their pension has uncovered that half (49%) regret not saving into their pension sooner, and almost two-thirds (64%) wish they had contributed more into their retirement savings at an earlier stage.

A quarter (26%) stated that they only started paying into their pension after they turned 30 years old, primarily because they did not feel financially stable enough to contribute any sooner (51%). Many, understandably, prioritised raising children (42%) and paying off their mortgages (40%) before putting any surplus cash into their pension. However, a third put leisure/holidays (32%), clothing (21%) and their pets (10%) before their retirement income.

PERSONAL CONTRIBUTION

Almost four in ten (39%) people over the age of 50 believe that an income of between £10,000 – £20,000 per annum in retirement will be enough to live

'comfortably'. This is despite figures announced stating that £20,800 per annum will only provide an individual with a 'moderate' standard of living in retirement. To enjoy a 'comfortable' standard of living, the amount would need to increase to £33,600 per year.

A quarter (24%) of those aged over 50 believe that a personal contribution of between 0% to 5% of their salary is an 'appropriate and achievable' level to attain a savings pot big enough to support them in retirement.

PENSION SAVINGS

When asked about financial advice, worryingly more than 70% of over-50s say they have never sought professional financial advice regarding their pension. Almost a third (30%) say they feel they know what they are doing and don't need financial support, while 10% say they rely on their family and friends for support and advice. However, after hearing that they could add as much as £47,000 to their pension[2] (over a decade) by taking professional financial advice, half of them say they would.

Pensions are more important to more of us than ever before. Automatic enrolment has brought pension savings to millions, but this was only introduced in 2012 and for many, especially those over the age of 50, it is perhaps too little, too late.

'COMFORTABLE' LIFESTYLE

Hindsight is a wonderful thing and life in your 20s and 30s can often take over, with children to raise, debts to pay and holidays to be had. However, it's important to take stock of your financial situation early. You may not think you have enough spare cash, or that you have years until you retire, but most people over the age of fifty (64%) wished that they had paid more into their pension pot, sooner.

It's also important that people are realistic about how much they might need to live on in retirement. With more people continuing to pay rent or mortgages after they finish working[3], it is unlikely that an income of between £10,000 – £20,000 per year will be sufficient to have a 'comfortable' lifestyle. ●

Source data:
1,034 UK adults over the age of 50 (retired and non-retired) interviewed between 31.01.2022 - 07.02.2022
[1] https://www.retirementlivingstandards.org.uk/news/retirement-living-standards-updated-to-reflect
[2] https://ilcuk.org.uk/financial-advice-provides-47k-wealth-uplift-in-decade/
[3] https://www.bbc.co.uk/news/business-42193251

TAKING A PERSONALISED APPROACH

Current financial situation, retirement goals, and lifestyle preferences

One of the most important steps in retirement planning is taking a personalised approach that takes into account your current financial situation, retirement goals and lifestyle preferences. It's never too early or too late to start planning for retirement, and the earlier you start, the more time you have to save and invest for the future.

It's also important to remember that retirement planning is not a one-time event but a continuous process that evolves over time. As your circumstances change, your retirement plan may need to change too. Keeping your retirement plan up-to-date is crucial to ensure that you're on track to achieving your retirement goals.

While there may be many competing priorities at every stage of life, taking the time to plan for retirement is one of the most important things you can do for your future. By being prepared and planning ahead, you can enjoy the retirement you deserve without worrying about your finances.

HERE'S WHAT YOU NEED TO CONSIDER FOR RETIREMENT AT EVERY AGE:

PLANNING FOR RETIREMENT IN YOUR 20s

Though retirement may seem a long way off, the earlier you start saving and investing, the more time the compounding effect on your money has to work. Putting money away now can make a huge difference to your retirement funds when the time comes.

Here's why you should start planning for retirement in your 20s:

- It enables you to benefit from the power of compounding: Regularly investing amounts of money can grow into a large sum over time thanks to compounding.
- You can afford higher-risk investments: As retirement may be years away, making higher-risk investments such as stocks and shares in your 20s could help boost returns without putting too much at risk.
- It encourages good financial habits: Taking steps to plan for retirement now will highlight how to manage your finances better and make smart decisions about investments and pensions.
- You could get help from employers: Many workplace pension schemes offer employer contributions, which is free money that goes straight into your pension pot.

PLANNING FOR RETIREMENT IN YOUR 30S

It can be more difficult to save for retirement in your 30s, when you may have greater financial commitments such as a family or a mortgage. But it's important to stay focused on your retirement goals, because the decisions you make now could have an impact on your later years.

Here are some tips for saving for retirement in your 30s:

- Minimise debt: Pay down any outstanding debts as soon as possible. This will free up more money for retirement savings.
- Optimise asset allocation: As you still have plenty of time until retirement, consider investing in growth assets such as equities.
- Save regularly and often: Try to make regular contributions into a pension account or tax-efficient investment vehicle such as a Stocks & Shares ISA.
- Take advantage of employer contribution schemes: Many employers offer generous contribution schemes which can boost your savings pot significantly over time.

PLANNING FOR RETIREMENT IN YOUR 40s

Your 40s are an ideal time to reassess your retirement plans and make sure that you're on track.

Here are some tips to help get your retirement plan on track:

- Calculate how much you need to retire comfortably: Seek professional financial

advice to determine how much money you need for retirement.

- Consolidate pension accounts: If you have multiple pension accounts across different employers, if appropriate, consolidating them could make it easier to manage them and provide more clarity about your pension savings.
- Increase contributions: Consider increasing your contributions where possible, as the higher salary typically seen in the 40s may afford this opportunity.
- Explore other options: Consider other tax-efficient methods of saving, such as transferring part of your salary into an ISA or investing in property, depending on what is available to you.

PLANNING FOR RETIREMENT IN YOUR 50s

Your 50s are a time to increase your pension contributions, review your retirement plans and make sure that you're on track.

Here are some tips on how to do this:

- Make additional contributions: Consider making additional lump sum pension contributions, remembering to stay within the pension Annual Allowance (AA) with any excess liable for further tax charges. From 6 April 2023, the AA increased from £40,000 to £60,000. The adjusted income limit increased from £240,000 to £260,000 and, where tapering applies to reduce the AA for an individual, the minimum tapered AA is £10,000 (up from £4,000). The pension Lifetime Allowance (LTA) as of 6 April 2023 for registered pension schemes has been completely removed, with total abolition set for April 2024.
- Review asset allocation: The closer you get to retirement, the more risk-averse your investment approach should be, so consider reducing exposure to higher-risk assets such as equities and seek professional financial advice for tailored advice.
- Take advantage of tax allowances: Familiarise yourself with current pension allowances and explore any carry forward rules available, if applicable.
- Speak to a financial professional: Consult a financial professional who can provide you with personalised advice tailored to your individual needs and requirements.

PLANNING FOR RETIREMENT IN YOUR 60s

In your 60s it's time to prepare for the decumulation phase, an important time when it comes to your retirement planning.

Here are some tips to help get your retirement plan on track:

- Prepare a budget: Calculate your expenditure levels to help plan for the long term.
- Consider pension decumulation options: Explore the various ways you can convert your pension savings into retirement income and seek professional financial advice.
- Review asset allocation: As retirement is approaching, reduce exposure to higher-risk assets such as equities.
- Review your plan regularly: Regularly reviewing your progress will help you prepare for retirement and make the necessary adjustments if needed.

COMPLEX TASK OF MAINTAINING A COMFORTABLE LIFESTYLE

Grappling with balancing retirement income against the constant erosion caused by inflation

Achieving financial security in retirement takes significant planning and foresight. Many retiree pensioners grapple with balancing their retirement income against the constant erosion caused by inflation. For those relying on a pension, this challenge can make the already complex task of maintaining a comfortable lifestyle seem even more daunting.

Inflation, a sustained increase in the general price levels of goods and services, has the potential to undermine your retirement income. The rising costs of living can erode your purchasing power over time, meaning the income you've worked diligently to build may not stretch as far as you had planned.

For anyone feeling the effects of rising inflation rates, it's important to ensure that your retirement fund isn't significantly impacted. While this can be challenging in such an uncertain economic climate, there are measures you can take to ensure that your savings don't suffer.

HERE ARE SOME TIPS TO HELP YOU PROTECT YOUR PENSION INCOME FOR THE FUTURE:

POSTPONING RETIREMENT WHEN INFLATION IS HIGH

Retiring later can have multiple advantages. It can be a financially wise decision to postpone retirement when inflation is high. Postponing retirement also gives you more time to invest and contribute funds towards your pension pot, allowing you to enjoy a larger sum of money when you eventually retire. Additionally, individuals who choose to retire later can benefit from longer periods of regular income which can be used for extra retirement savings to combat the impact of inflation in retirement.

Furthermore, delaying retirement will allow you to better prepare for future financial commitments such as mortgage repayments and other cost of living outgoings. If appropriate, by postponing your retirement you can make sure that you have the financial security and peace of mind needed for a comfortable retirement.

ACCESS TO A BROAD RANGE OF INVESTMENTS

When inflation rates are high, it's important to take steps to ensure that your retirement savings aren't adversely affected. Not only will this give you peace of mind about the future value of your pension pot, but it may also prove to be financially rewarding in the long run. One of the most effective ways to do so is by diversifying your investments and spreading out your money across different asset classes.

“TAKE ADVANTAGE OF THE TAX RELIEF TOP-UP ON CONTRIBUTIONS OFFERED BY THE GOVERNMENT”

“A DIVERSE PORTFOLIO CAN HELP PROTECT YOU FROM LOSSES DUE TO MARKET VOLATILITY OR INFLATION AND PROVIDE ACCESS TO A BROAD RANGE OF INVESTMENTS WHILE REDUCING RISK”

Having a diverse portfolio can help protect you from losses due to market volatility or inflation and provide access to a broad range of investments while reducing risk. Keeping track of these fluctuations enables you to plan ahead and adjust your investment strategy as necessary. By taking all these factors into consideration, you can ensure that your retirement savings are secure even in a period of high inflation.

TAX RELIEF TOP-UP ON CONTRIBUTIONS

Despite inflationary pressures, continuing to contribute to your pension pot can be a wise decision. Not only is your retirement fund likely to outperform cash savings, but it also allows you to take advantage of the tax relief top-up on contributions offered by the government.

The amount of relief you receive is based on the rate of Income Tax that you pay. If you are in the highest rate Income Tax bracket you can claim additional relief through your self-assessment tax return, enabling you to save even more for your retirement. However, depending on how your pension scheme works, if you don't pay tax you might not receive tax relief.

PROTECT YOUR RETIREMENT FUND

For those with a defined contribution pension who are already taking an income, it might be beneficial to reduce the amount you are withdrawing in order to keep more of your pot invested. This strategy can help protect your retirement fund against volatile markets and rising inflation levels as the fund manager will monitor the investment performance, making necessary adjustments.

Those with a defined benefit pension need not worry about adjusting for inflation as this is taken care of automatically. Regularly revisiting your financial plan and retirement planning is essential in order to ensure your long-term security and prosperity.. ●

"ARE YOU READY TO RETIRE?"

6 questions to ask yourself for a secure financial future

The concept of retiring is an attractive prospect for many people. Having the freedom to enjoy life and pursue hobbies or interests without the pressures of a 9-5 working life can be hugely appealing. However, it's important to make sure that you have your finances planned out in order to make this dream of retirement achievable.

While there are variations in what defines true financial security for retirement, planning ahead is a key factor that should not be overlooked when considering when you should retire. This means starting to plan your finances well before you expect to retire so that you can build up enough funds over time.

FIGURE OUT WHEN YOU ARE TRULY READY TO RETIRE

There are signs and targets that can signal that you are prepared to retire, but it can be difficult to figure out when you are truly ready to retire. We may think of retirement as being centred around a particular age or monetary amount. When we get to 'X' years old or have 'Y' amount of money, we can move on to our 'golden years'.

The turbulent times we're living through have given many people pause for thought to consider their work-life balance and think more seriously about what makes them happy. While happiness for many increases in retirement, others find their finances take the strain when they retire early and money worries are one of the biggest factors resulting in people returning to work. If you aspire to retire early, it's vital you plan your finances to be sustainable for the long term.

6 QUESTIONS TO ASK YOURSELF FOR A SECURE FINANCIAL FUTURE

1.WHAT IMPACT COULD INFLATION HAVE ON MY RETIREMENT PLANS?

Inflation is a major factor when planning for retirement because it can reduce the purchasing power of your money over time. If the amount you receive in retirement is based on a fixed income, it will not be able to keep up with future inflationary rises, meaning that you may likely be unable to afford the same lifestyle that you enjoyed before retirement.

Therefore, it is essential to plan for retirement by ensuring that your savings and investments are able to grow in real terms, above the rate of inflation. This can be done through a combination of investing in assets that aim to provide returns above the rate of inflation, as well as ensuring that your retirement income is not linked to a fixed amount but instead grows with inflation over time.

2. WHAT IS MY RETIREMENT TIMELINE?

When it comes to planning for your retirement, it's best to get a plan in place far ahead of your intended retirement date. That way, you can take the time to gain a full understanding of your financial situation and identify any issues or opportunities for improvement. Ideally, you should start saving for retirement in your 20s and 30s, even if you don't plan to retire for many years. This will help you build your savings over time and ensure that you have enough money to sustain yourself during retirement.

Of course, if you find yourself nearing retirement without a plan already in place, don't fret, we are here to help. With our expertise and experience, we can work with you to optimise your retirement plans no matter how close you may be to retirement.

When considering your retirement timeline, there are several factors to

consider: your age, income level and lifestyle, all of which will have an effect on your retirement plans.

3. COULD RETIREMENT CASH FLOW MODELLING HELP ME?

Retirement cash flow modelling is very useful in making assessments about your future retirement requirements. It enables you to consider all of your potential sources of income in retirement and how they can best be used to satisfy your expenditure needs.

This means considering a number of factors such as your underlying investments, tax and, most importantly, how well your different income streams are protected against inflation. Another benefit of using cash flow modelling is that you can easily change those assumptions if your circumstances change, factoring in different investment returns, tax rates and inflation. This allows you to assess how much you need to have accumulated prior to your retirement.

4. WOULD AN ANNUITY BE BENEFICIAL?

Retirement is an important milestone in life, and it's essential to make sure you have enough money to ensure a comfortable lifestyle afterwards. One of the options available to those retiring is an annuity. With fewer employers now offering the guarantee of a final salary pension, annuities could be an appropriate option to consider for some retirees. An annuity provides a regular income for the rest of your life, and can make sure you have enough money to last you throughout retirement.

But in order to decide whether an annuity is right for you, it's important to look at the different types of annuities available, consider the tax implications and other factors such as inflation. An annuity could be beneficial for those who have no capacity for their income to fall in the future, and those with reduced health.

5. AM I SITTING ON TOO MUCH CASH?

Even during periods of high inflation, investments that are in real assets can provide a hedge against the erosion of wealth. Cash holdings are ill-advised in this situation as the current interest rates barely meet inflation and its real value is guaranteed to decrease. Investing in assets is one of the best ways to safeguard your retirement savings against the effects of inflation.

Inflation can erode the value of your savings over time. By investing in real assets, you can help to ensure that your retirement savings remain secure even in a rising inflation environment. Investing in assets can provide you with the opportunity to create a sustainable and secure retirement plan that is protected from the effects of inflation. Ultimately, investing in real assets is an important part of any comprehensive retirement savings strategy.

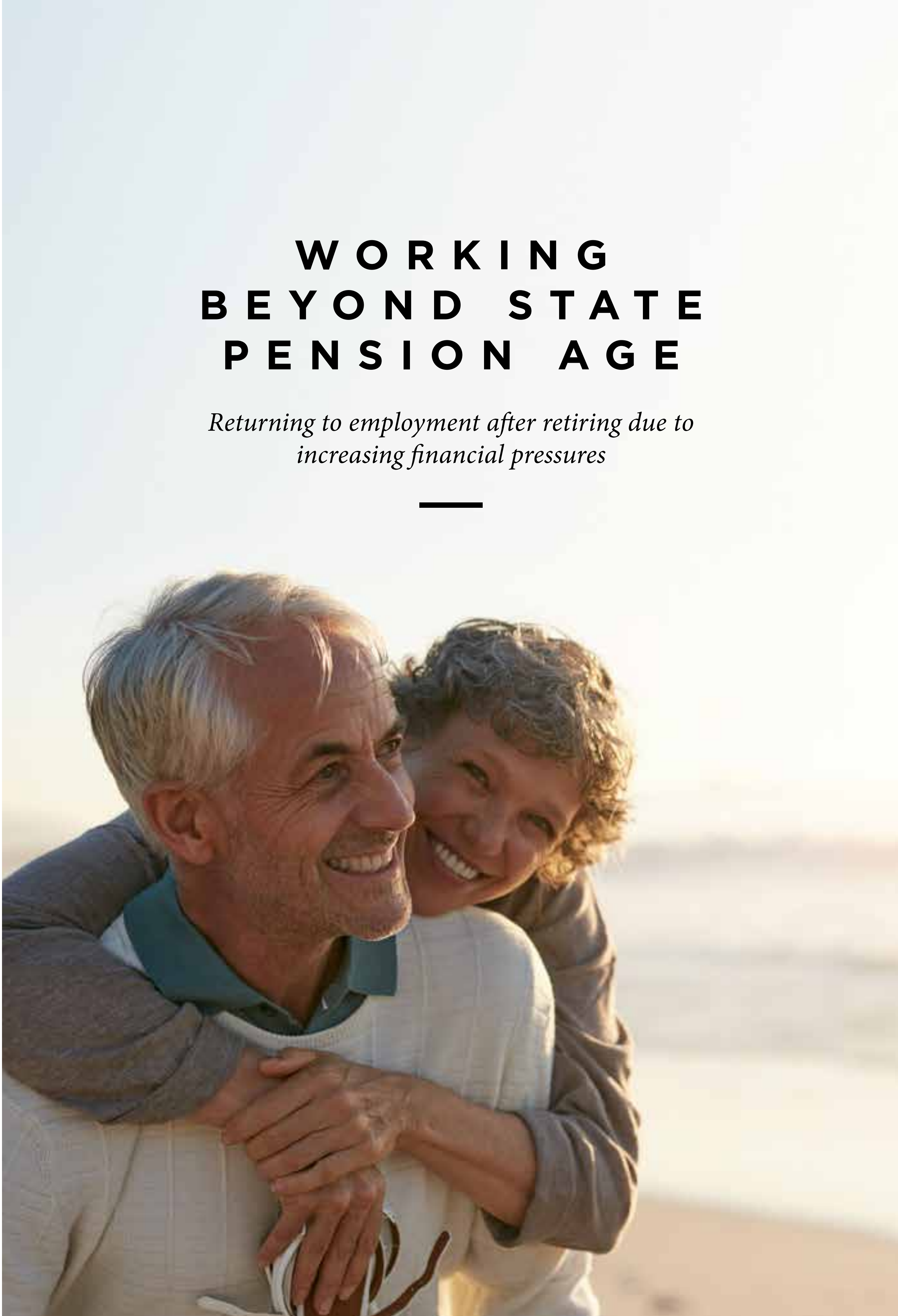
6. WHAT IS MY ATTITUDE TO INVESTMENT RISK?

When making investment decisions, you need to establish the level of risk that you are comfortable with. This will vary from person to person, so it is important to obtain professional advice to help you assess your risk tolerance. Understanding your attitude to investment risk is an important factor when planning for retirement. Taking the time to learn about how you respond to different kinds of market volatility and levels of risk will help you create a more informative and effective retirement plan.

Knowing what kind of investor you are – conservative, balanced or aggressive – will enable you to make informed decisions about where to invest your money and how much risk you are comfortable taking on. It can also help you avoid some of the common pitfalls associated with retirement planning, such as being too conservative or overly aggressive in your approach. This will help you to save and invest more effectively, allowing you to make the most of your retirement savings. ●

WORKING BEYOND STATE PENSION AGE

Returning to employment after retiring due to increasing financial pressures



> NEARLY HALF (45%) OF OVER-55S WORRY THEIR HEALTH WILL DETERIORATE AS A RESULT OF HAVING TO CONTINUE WORKING AND MORE THAN A THIRD (35%) ARE CONCERNED IT WILL AFFECT THEIR ABILITY TO REMAIN EMPLOYED

The rising cost of living due to inflation means that retired people must have enough savings to survive. This leaves many retirees in a precarious financial situation, as the value of their existing retirement funds is not keeping up with the rate of inflation. Even if they had saved diligently for their retirement years, the devaluation of their money can drastically reduce their purchasing power. This is leading many people to rethink their retirement plans.

We are witnessing a surge in the number of people giving retirement a second thought due to inflation rates and the cost of living crisis. Not only are more individuals looking to work beyond their State Pension age, but some are returning to employment after retiring due to increasing financial pressures.

LONG-TERM EFFECTS

Over 2.5 million people aged 55 and over will be impacted by the long-term effects of financial insecurity and think they will continue to work past their State Pension age. Additionally, half of those aged 55 and over don't believe their pension is enough to fund their retirement, a new survey has revealed[1].

Nearly four in ten over-55s who are not retired anticipate having to work past their State Pension age due to the increasing cost of living. Financial concerns surrounding retirement funding are the top drivers behind working beyond State Pension age.

RETIREMENT SAVINGS

A quarter (23%) are uncertain of how long their retirement savings will last, and almost one-fifth (18%) admit to not having made any preparations for when they stop working.

Nearly half (46%) of the millions of older workers expecting to work past their State Pension age are apprehensive that doing so will mean they can't enjoy their later years.

MAJOR CONCERN

Health, too, is another major concern, with nearly half (45%) worrying their health will deteriorate as a result of having to continue working and more than a third (35%) concerned it will affect their ability to remain employed.

Worryingly, 16% are concerned about being treated differently or worse at work because of their age and the same number worried about not being able to spend enough time with their family due to work commitments.

OLDER WORKFORCE

Looking ahead, the older workforce is expected to be crucial to the UK's economic recovery as it will help ease severe labour shortages, yet this warning sign points to heavy financial strain many are facing.

But no matter what route you take, it's essential to plan ahead and be prepared for the economic realities of retirement. Taking proactive steps now will ensure that your retirement years are as comfortable and secure as possible. With careful planning and financial security measures in place, your retirement years can be worry-free regardless of inflation levels. ●

> NEARLY FOUR IN TEN OVER-55S WHO ARE NOT RETIRED ANTICIPATE HAVING TO WORK PAST THEIR STATE PENSION AGE DUE TO THE INCREASING COST OF LIVING

Source data:
[1] Survey conducted by Opinium among 2,000 UK adults between 21–25 October 2022.

DIFFERENT LEVELS OF EXPENDITURE NEEDED FOR RETIREMENT

Report highlights the challenges of reduced income and increased vulnerability

As retirement approaches, planning for the future becomes increasingly important. Many retirees who are currently living on a fixed income are being impacted by inflation, which can negatively impact their ability to make ends meet.

With the cost of goods and services on the rise, pension savings may not stretch as far as they once did, and some retired individuals may find it challenging to maintain the same standard of living. The impact of rising inflation can be felt in many areas, including food, housing and healthcare, among others.

INCREASED VULNERABILITY

As retirement can be a time of reduced income and increased vulnerability, it is essential to consider the potential impact of inflation when planning for the future. A recent report has highlighted that many retirees trying to achieve a basic standard of living will have seen their expenditure increase over the last year by almost 20% due to high inflation[1].

The findings were based on research which outlined three different levels of expenditure needed for retirement: Minimum, Moderate and Comfortable lifestyles. For those on a Minimum level, the increases in food and energy costs have had the most dramatic effect, with prices rising higher than in other categories.

RETIREMENT LIVING

The Retirement Living Standards, independent research by the Centre for Research in Social Policy at Loughborough University, describe the cost of three different baskets of goods and services, established by what the public considers realistic and relevant expectations for retirement living.

These baskets comprise six categories: household bills, food and drink, transport, holidays and leisure, clothing, and social and cultural participation.

STANDARD OF LIVING

According to the latest figures, the research identified those on a Minimum lifestyle are potentially at greatest risk due to the heightened increases in food and energy costs, which form a higher proportion of their budget than other categories.

The cost of a Minimum lifestyle has increased by 18% for a single person and by 19% for a couple. To make sure retirees can still afford a basic standard of living, it's important that the government continues to follow the State Pension triple lock, which was announced in the last Autumn Statement.

COMFORTABLE RETIREMENT

This commitment means that the State Pension will rise by 10.1% to £10,600 per year, so a Minimum lifestyle should be achievable for a single person if they supplement the State Pension with income from a workplace pension saved through automatic enrolment during their working life.

For those looking for a more comfortable retirement, the Moderate level increased 12% to £23,300 for a single retiree and by 11% to £34,000 for a couple. This level provides more financial security and more flexibility, including a bigger budget for weekly food shopping and occasional eating out.

RETIREMENT POT

To achieve this level, a couple sharing costs with each in receipt of the full new State Pension would need to accumulate a retirement pot of £121,000 each, based on an annuity rate of £6,200 per £100,000.

At the Comfortable Retirement Living Standard, retirees can expect to have more luxuries like regular beauty treatments, theatre trips and three weeks' holiday in Europe a year. A couple could spend £238 per week on food shopping.

SHARING COSTS

At this level, the cost of living increased 11% to £37,300 for one person and 10% to £54,500 for a two-person household. The report highlights that to achieve this level, a couple sharing costs with each in receipt of the full new State Pension

would need to accumulate a retirement pot of £328,000 each, based on an annuity rate of £6,200 per £100,000.

The cost of living has been on the rise, placing a greater strain on households in the UK. This year has been particularly difficult for living standards across the board. In particular, domestic fuel costs have risen a staggering 130%, inflicting further strain on incomes for those in retirement.

MINIMUM INCOME

The cost of food and fuel has risen significantly over the year, eating up around a third of the budget at Minimum income standard levels. This can mean that people struggle to participate in social activities, which is why all budgets include some expenditure on social and cultural participation, accounting for a fifth of the budget at Minimum income standard levels and a larger proportion in Moderate and Comfortable budgets.

At higher incomes, car ownership takes up around 10% of the budget due to an increase in second-hand car prices and petrol/diesel costs.

FINANCIAL PLANNING

Finally, annuity rates may change, which affects how much money one needs for retirement – £6,200 per £100,000 is illustrative; research will help individuals identify their own personal requirements.

Retirement planning is an essential part of financial planning as it provides individuals with the ability to prepare for their later years. By having a plan in place, retirees can ensure that they have enough money saved up to support themselves and maintain their standard of living when they no longer have a steady income from work. ●

Source data:

[1] Pensions and Lifetime Savings Association figures quoted are for the UK, excluding London. The pot size calculation assumed an annuity of £6,200 per £100,000 and is illustrative. Annuity rates change frequently and vary according to product type, saver age and other circumstances (e.g. location, health etc.)12/01/23.

“AT THE COMFORTABLE RETIREMENT LIVING STANDARD, RETIREES CAN EXPECT SPEND £238 PER WEEK ON FOOD SHOPPING”

HAVE A SOLID PLAN FOR RETIREMENT

Feeling overwhelmed by pension and retirement information?

Retirement planning can be overwhelming for many people, especially when it comes to pensions. New research has revealed that half (50%) of consumers feel overwhelmed by pension and retirement information, and more than two in five (41%) do not know what to do next once they receive it[1].

This is a worrying statistic, as understanding your pension and retirement options is crucial to ensuring a financially secure future. One reason why people may find pensions information overwhelming is that it can be complex. There may be multiple options, fees and regulations to consider.

PROCRASTINATION OR AVOIDANCE

Another reason why people may be overwhelmed by pensions is the fear of not having enough money for retirement. This fear can lead to procrastination or avoidance, which can make the situation worse over time. It's important to take action as early as possible and to seek professional financial advice and support if needed to ensure that you have a solid plan for retirement.

In an era where the cost of living is threatening to undermine consumer confidence, it's no surprise that almost half of UK consumers find pensions information overwhelming. It can be difficult for individuals to make informed decisions about their retirement planning when faced with such a daunting task.

MAKING FINANCIAL DECISIONS

In the past year, households have been affected by high inflation, rising interest rates and volatile markets. This has taken its toll on consumer confidence and self-belief, with only 59% feeling confident when making financial decisions, down from 63% in 2022. In response to this uncertainty, more people are turning to outside sources for help.

This year, 83% of people view obtaining advice from financial professionals as an important source of support, compared to 73% last year. Pension providers or information on pension provider websites (76%), pension provider literature (72%) and employers (69%) have also all seen an increase in people who find them helpful for retirement decisions.

PENSION AND RETIREMENT PLANNING

People primarily require information about their pension and retirement planning in order to make sound financial decisions.

- This includes understanding how much money their pension will provide upon retirement (47%)
- The amount of money currently in their pension pot (46%)
- Ensuring enough funds are being contributed (32%)

PREPARE FOR LATER LIFE

Pension provider websites have become a popular source of guidance, with 41% of people visiting them at least once a year. Other sources include asking friends and family (39%) or surfing the internet for advice (39%). Those who have workplace pensions often look to their employer (33%) or colleagues (29%) for guidance.

Planning for retirement is essential to ensure that your financial future is secure. That's why it's really encouraging to see from the research that 93% of those with lower incomes who have taken control of their finances report enjoying retirement, compared to just 66% of those without a retirement plan. Worryingly, however, despite this, 72% are doing nothing to prepare for later life. ●

> **“HALF (50%) OF CONSUMERS FEEL OVERWHELMED BY PENSION AND RETIREMENT INFORMATION, AND MORE THAN TWO IN FIVE (41%) DO NOT KNOW WHAT TO DO NEXT ONCE THEY RECEIVE IT”**

Source data:

[1] Boxclever survey conducted among 6,000 UK adults in order to gain insight into the nation's attitude to financial advice. Fieldwork for the study was conducted between 6 September and 16 October 2022. The data was weighted post-fieldwork to ensure results remained representative of the nation across key demographics. For comparison, Boxclever also surveyed 4,896 UK adults during 16-23 July 2021.

TRIPLE LOCK REINSTATED

Largest increase to the State Pension in history

The triple lock has been reinstated and took effect from 6 April 2023, after which the State Pension is increasing in accordance with September's inflation rate of 10.1%. This marks the largest increase to the State Pension in history.

This will benefit those who are eligible for the new flat-rate State Pension or the older basic State Pension. Full new State Pension holders will receive £203.85 a week while individuals who reached State Pension age prior to April 2016 and are on the older basic State Pension will receive £156.20 per week. To check your State Pension forecast, the government website is available for personal use.

MEASURE OF INFLATION

In November last year, the government confirmed that the State Pension would increase by 10.1% in line with September's Consumer Prices Index (CPI) measure of inflation.

From April 2023 payments are:

- £203.85 a week (up from £185.15) for the full, new flat-rate State Pension (for those who reached State Pension age after April 2016)
- £156.20 a week (up from £141.85) for the full, old basic State Pension (for those who reached State Pension age before April 2016)

TIMING OF YOUR CLAIM

The State Pension amount you receive is dependent on the number of National Insurance (NI) contributions you have paid and the timing of your claim. There are government websites available that allow you to review your personal NI record and obtain a State Pension forecast.

It's possible to have missing years of NI contributions due to gaps in your employment history or participating in certain types of pension schemes. You might not be eligible to receive the full State Pension if this is the case. However, you may be entitled to receive NI credits during periods of unemployment or low earnings.

BUILDING AND PROTECTING

In some cases, benefits like Jobseeker's Allowance may help in building and protecting your State Pension entitlement. It's also possible to make voluntary National Insurance contributions to top up your NI record.

It's important to note that the deadline for making voluntary contributions is 5 April each year. If you're considering topping up your contributions, make sure you do so soon. To get more information, visit the website www.gov.uk/check-national-insurance-record.

EARLIEST AGE

Your State Pension age refers to the earliest age at which you can begin to receive State Pension. For men born before 6 April 1951, and women born before 6 April 1953, claiming the basic State Pension is possible. If you were born after these dates, you will be eligible to receive the new State Pension once you reach your State Pension age.

The government says 12.4 million people currently receive the State Pension. Men and women born between 6 October 1954 and 5 April 1960 start receiving theirs at the age of 66.

PENSION BENEFITS

But for people born after this date, the State Pension age is gradually increasing to 67 by 2028 and 68 by 2046. At a cost of £105bn, the State Pension accounts for just under half the total amount the government spends on benefits.

It's important to remember that modern, flexible workplace and personal pension plans enable you to begin taking your money from the age of 55, which will increase to 57 in 2028. This means that you can access your pension benefits prior to receiving your State Pension.

RETIREMENT LIFESTYLE

It's highly unlikely that having just the State Pension will be enough to retire comfortably on. Even with the increase in the State Pension in April, a full new State Pension would only amount to just over £10,600 a year.

You should remember that the Retirement Living Standards recommend a single person has an annual income of £12,800 to cover a minimum retirement lifestyle.

SUBSTANTIAL GAP

In reality, there is a substantial gap between the State Pension's worth and the amount you may require or desire in retirement. The State Pension, on its own, would only be able to support a fundamental lifestyle, and since it doesn't start until your late 60s, it wouldn't be helpful if you want to retire earlier.

As a result, it should be only one part of your overall retirement plan. Also, keep in mind that it's subject to taxation. Therefore, it's critical to comprehend how much you may need to save in a personal or workplace pension plan to have the potential to afford the retirement you wish to have. ●

> **AS OF 6 APRIL 2023, THE LIFETIME ALLOWANCE FOR REGISTERED PENSION SCHEMES HAS BEEN COMPLETELY REMOVED, WITH TOTAL ABOLITION SET FOR APRIL 2024**

ABOLITION OF THE PENSION LIFETIME ALLOWANCE

Significant changes that will affect retirement savings

Chancellor Jeremy Hunt's first proper Budget 2023, on Wednesday 15 March, brought some welcome but unexpected changes to pension tax. The changes are designed to alleviate the impact of strict pension rules, which are believed by Mr Hunt to have had a negative impact on the country's labour market.

Britons can now expect significant changes that will affect their retirement savings. But to fully understand how these changes could impact on your pension and secure your retirement plans, it is essential to obtain professional financial advice.

EXCEEDING THE ALLOWANCE

The most significant change was the abolition of the pension Lifetime Allowance (LTA) charge. As of 6 April 2023, the LTA for registered pension schemes has been completely removed, with total abolition set for April 2024. The LTA was previously the maximum amount of savings an individual could make in a registered pension scheme without incurring a tax penalty.

The standard LTA for the 2022/23 tax year was set at £1,073,100, which meant those with pensions exceeding this amount would face a tax charge. However, with the abolition of the LTA, individuals can now contribute as much as they like to their pension schemes without fear of being penalised for exceeding the allowance.

TAX-FREE LUMP SUM

This is particularly good news for those with pensions of significant value, as they will no longer be forced to limit their contributions to avoid a tax charge. If you paused pension contributions because you were concerned you might breach the LTA, you may decide you want to make further tax-efficient additions to your pot. It is also worth noting that the government tax relief on pension contributions will still be available, which means individuals can continue to benefit from this incentive.

Additionally, under the previous LTA rules, an individual could withdraw up to 25% of their pension savings as a tax-free lump sum, but that has now changed. The tax-free lump sum that can be drawn at age 55 is now capped at £268,275, and it is expected that another cap will be set in 2024 once the LTA is fully abolished.

UK'S PENSION SYSTEM

This means that those who have saved a large amount in their pension may not be able to withdraw as much as they had planned. To ensure that your retirement plans are not affected by these changes, it is essential to obtain professional financial advice and discuss what is the best course of action for your situation.

The removal of the LTA marks a significant change to the UK's pension system, and it remains to be seen how this will impact pension savings and retirement planning in the years to come.

ATTRACTIVE INVESTMENT OPTION

The tax-relievable annual pension contribution limit has also increased from £40,000 to £60,000, which is good news for most people.

Pensions have always been an attractive investment option with tax-relievable contributions, tax-free returns, and no Inheritance Tax. The removal of the LTA tax regime and the opportunity to rebuild pension benefits with an increased allowance are excellent news for long-term financial wellbeing. ●

ANNUAL ALLOWANCE INCREASED FROM £40,000 TO £60,000

The amount you can contribute each year without incurring additional taxes

When making contributions to your pension, it's important to keep in mind that there's a limit to how much you can contribute each year without incurring additional taxes. This limit is known as the pension Annual Allowance.

On 6 April 2023, new pension legislation came into effect, presenting significant opportunities for various individuals. Among other things, the pension Annual Allowance increased from £40,000 to £60,000.

Additionally, the 'adjusted income' threshold for Annual Allowance tapering increased from £240,000 to £260,000 and the minimum tapered Annual Allowance increased from £4,000 to £10,000 (meaning that individuals with annual adjusted income of £360,000 or more will have an annual allowance of £10,000).

EXCESS CONTRIBUTIONS

If you exceed the Annual Allowance, you won't receive tax relief on the excess contributions, and you may be subject to an Annual Allowance charge. One way to reduce or eliminate this charge is by taking advantage of carry forward. This option allows you to use any unused allowance from the previous three tax years to offset your contribution in the current year.

Carry forward is not available to everyone, it's only available to those who are not subject to the MPAA. Additionally, you'll need to make sure that you don't exceed your pension Annual Allowance in the current tax year, even after using carry forward.

TAX BENEFITS

If you do find yourself facing a pension Annual Allowance charge, you may be able to ask your pension scheme to pay the charge from your pension using Scheme Pays. This would result in a reduction in your pension, so it's important to carefully consider whether this is the right option for you.

It's important to recognise the tax benefits associated with contributing to your pension plan and staying up to date on changes to pension allowances and contribution rules. Given the tax benefits associated with contributing to a pension plan, it's worth considering whether increasing contributions can help you meet your long-term retirement savings goals. ●

PLANNING FOR YOUR LONG TERM FUTURE

Think ahead at least two years before you plan to stop working

Pensions may not be the most exciting thing to think about, but they are an essential part of planning for your long-term future. In fact, your pension has the potential to be one of your most valuable assets, even more than your property. It's something that could make a significant difference to your lifestyle in later life.

When it comes to retirement planning, it's best to start thinking ahead at least two years before you plan to stop working. To prepare for this next chapter in your life, our handy checklist can guide you through the important choices you'll need to make to ensure you're fully prepared for a comfortable retirement.

UNIQUE CHALLENGES

Although retirement planning may seem familiar and straightforward, the truth is that today's savers face unique challenges that previous generations did not encounter. While the basic concept of working, saving and retiring remains constant, there are new factors at play that can complicate one's retirement savings efforts.

Planning for your retirement means carefully considering whether you will have enough funds to cover your desired lifestyle after you stop working. While you might be eligible for the State Pension, this might not be enough to sustain your retirement goals.

ADDITIONAL SAVINGS

Additionally, you may want to retire earlier than the State Pension age, which requires additional savings planning to ensure you can afford the retirement lifestyle you envisioned. Careful planning and forward-thinking can ensure that you'll have the financial security to enjoy your retirement without worrying about money matters.

Important things to keep in mind as your retirement approaches:

Locate your pensions: It's crucial to determine how much income you'll receive from all your pensions to properly plan your retirement. If you've misplaced any pensions over the years, you can use the UK government's pension tracing service to locate them.

Check your pension's value: Keep track of your pension's value regularly as retirement nears, ensuring that you're aware of how much money you'll have during your retirement phase.

When you can take your pension: With a defined contribution pension, you can start taking money out from the age of 55. However, it's important to keep in mind that the earlier you start taking money out, the longer your pension will need to last. For those with a defined benefit pension, you can usually begin taking it from the age of 60 or 65. However, if you have a defined benefit pension, you might be able to start receiving an income from it from the age of 55.

Get a State Pension forecast: While it may not be your primary retirement income, it's worth checking to ensure that you qualify for the full amount. You can quickly do this online through the government's website.

Determine the worth of your other investments: If you have additional investments or savings, such as Individual Savings Accounts (ISAs), it's important to check their worth as you approach your retirement age because they could supplement your pension.

Understand how to access your pension: There are various ways to access your pension, including buying an annuity for guaranteed income, taking lump sums, or combining both. Your decision depends on your circumstances and what outcomes you expect.

Review your pension's investment strategy: Take the time to analyse your investment approach as you get closer to your targeted retirement age and see if it still adheres to your risk tolerance. You should obtain professional advice and discuss potential strategies to reduce your exposure over time if you're planning to receive a lump sum or purchase an annuity.

Seek professional financial advice: Accessing your pension is a critical decision that will impact your income and retirement significantly. That's why it's essential to seek professional financial advice before making any decisions. ●

INVESTMENT GROWTH AND A GUARANTEED PENSION

Having trouble deciding between the two, there's no need to choose just one?

Are you struggling to decide what to do with your pension pot? It's an important decision that will impact your retirement for years to come. One option to consider is pension drawdown, which provides you with more freedom and flexibility in choosing your annual income. However, annuities offer a steady income and greater security.

Bu there's no need to choose just one. You can use a combination of both. By purchasing an annuity with part of your pension and keeping the remainder in a drawdown agreement, you can enjoy the best of both worlds.

CHOICES FOR MANAGING AND ACCESSING YOUR PENSION SAVINGS

If you're 55 or older with a money purchase pension, you now have more options to turn your pension pot into an income since the pension freedoms were introduced in April 2015. Before this time, the majority of people were required to buy an annuity. Pension drawdown was only an option for those with guaranteed, non-drawdown income of at least £12,000 a year.

However, the restriction on pension drawdown has been lifted, meaning that anyone aged 55 or over can now take advantage of this option for their retirement income. This presents a wider range of choices for managing and accessing your pension savings. With the flexibility of pension drawdown, you can choose the level of income you need and adjust it to suit your changing circumstances, as well as leaving a legacy for your loved ones.

DECIDING WHICH OPTION IS BEST FOR YOU CAN BE COMPLEX

While pension drawdown is now an option for anyone aged 55 or over with a money purchase pension, it's essential to understand that this doesn't necessarily mean it's the best choice for everyone. The decision of whether drawdown is a better option than an annuity will depend entirely on your individual circumstances. Factors such as your health, life expectancy, attitude towards risk, investment experience and financial situation will all need to be taken into account when deciding how to manage your pension pot.

Keep in mind that deciding which option is best for you can be complex. Seeking professional financial advice is essential in making an informed decision that works for your unique circumstances. Some people may prefer the security of knowing their income is guaranteed for life, while others may find the freedom and flexibility of drawdown more appealing for their retirement plans.

ANNUITIES

Annuities provide guaranteed lifetime income, but they also carry risk; if you die shortly after taking out an annuity it means that you won't benefit from the full value that you paid for upfront. This can make them unsuitable for those with shorter life expectancies compared to those who are expected to live longer. The current rates available on annuities may be attractive when compared to those in the recent past, and this can be an incentive for those previously deterred by low returns.

The benefits of an annuity include long-term security, since the income is guaranteed for life and cannot be affected by fluctuations in investment returns or other market factors. Plus, some policies guarantee indexation which means that the pension will rise with inflation over time. This helps to ensure that retirees have sufficient funds to maintain their lifestyle going forward

However, there are also downsides to consider when deciding whether an annuity is right for you. Annuity rates tend to be lower when interest rates fall, so you may get less than you had hoped for when taking your pension. Plus, the income is fixed and cannot be adjusted, so if your circumstances change in retirement and you require more funds it may not be possible to increase the amount you are receiving.

Ultimately, professional advice should always be sought with an annuity purchase as there can be a number of factors that need to be taken into consideration before making a decision. It is important to fully understand the terms of the policy and make sure that it is suitable for your individual situation before committing to anything long term.

DRAWDOWN

In contrast to annuities, pension drawdown can provide more flexibility and control over how your money is managed in retirement. Drawdown is an increasingly popular option for retirees to receive an income during their retirement. This method of taking an income allows individuals to access their pension fund in a tax-efficient way, as withdrawals are only taxable when they exceed the Personal Allowance

The main advantage of drawdown for retirees is that it offers more flexibility than other options such as annuities or lump sum payments. Retirees can take out whatever amount they require, when they need it and don't have to commit to fixed payments over time, allowing them the freedom to make their own decisions on how they wish to use their pension savings

Another benefit is that any money left in the drawdown pot will not be liable for Inheritance Tax. This is beneficial for those who wish to leave a legacy for their beneficiaries, as the remaining investment can pass directly to them without being taxed.

On the other hand, choosing drawdown does come with some risks. Retirees should consider that markets can potentially be volatile and there may be no guaranteed income from investments. Withdrawing too much capital can also leave you exposed should you live longer than anticipated.

It's important that individuals have an understanding of how they plan to invest their pension savings and how any losses or gains might affect them in future years. Additionally, if retirees take too much out of their drawdown pot then they could face hefty tax bills.

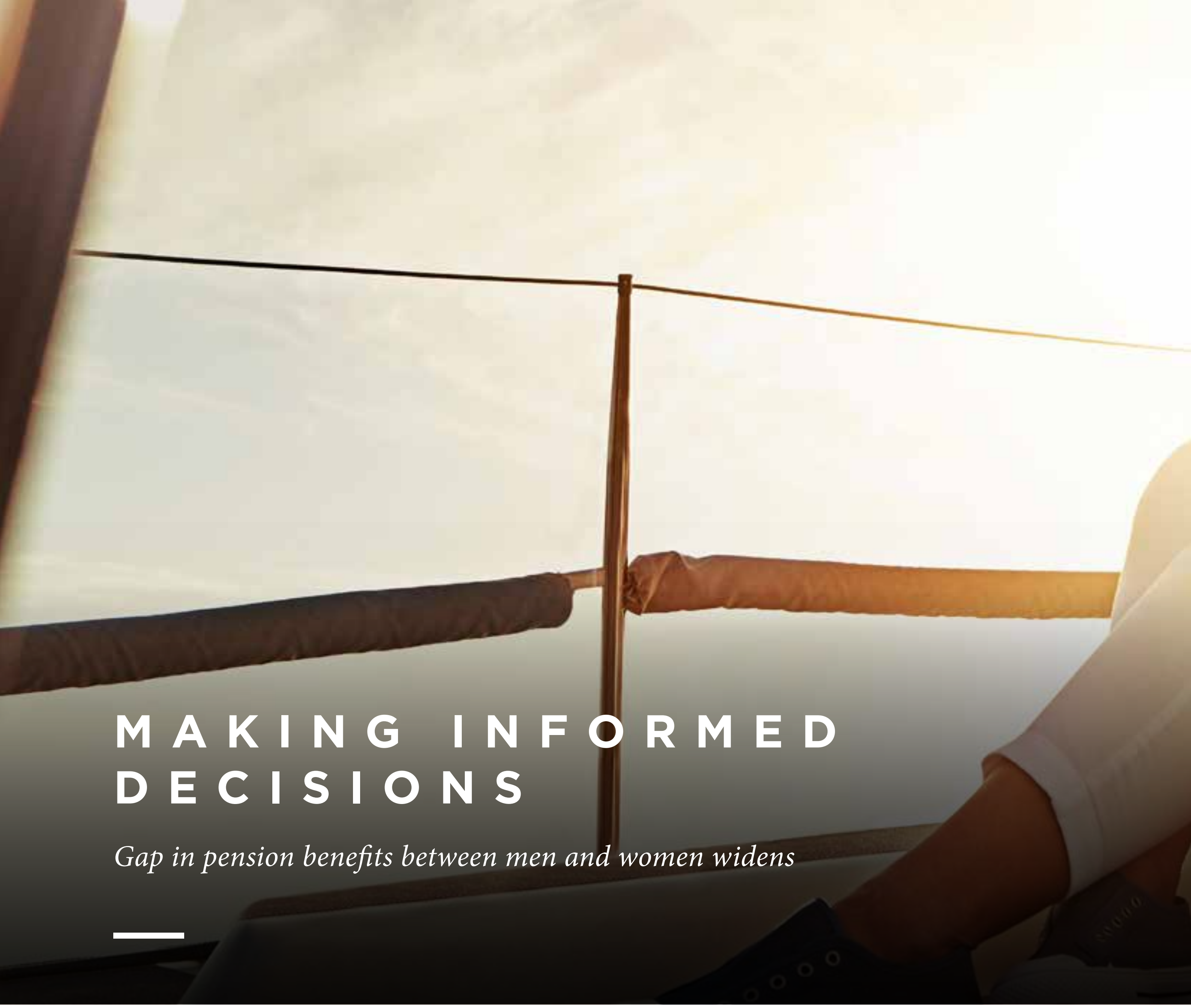
Overall, it's important that professional advice is taken before deciding upon a retirement strategy. While drawdown can offer more flexibility than other options, it's important to weigh up all the pros and cons before making a decision. Ultimately, the right strategy should be tailored to the individual's needs and circumstances.

COMBINATION OF DRAWDOWN AND ANNUITIES

For some people, a combination of drawdown and annuities may provide the best balance between security of income and control over withdrawals – we can help to determine which option is most suitable for you. Ultimately, it's important to understand all aspects of both drawdown and annuities, including the pros and cons of each, before making a decision.

Making sound financial decisions requires due diligence and taking into account all relevant factors so that your retirement goals are met in the most efficient way possible. Therefore it is important to consider both drawdown and annuities when planning for retirement, and professional advice is key to making an informed decision. With the right knowledge and professional advice, you will be able to make a decision as to which option is most suitable for your particular circumstances.

By taking into account all relevant factors, you can make sure your retirement strategy meets your needs and goals. As we all live longer and enjoy unprecedented freedom to decide our own retirement options, it has never been more important to have clarity over what you want to do and how much money you'll need to achieve that. ●



MAKING INFORMED DECISIONS

Gap in pension benefits between men and women widens

For many women, the decision to work part-time often coincides with important career and childcare milestones. While pension contributions may not be the deciding factor for this decision, it's important to understand the long-term impact on pensions. This knowledge is crucial for good financial planning.

While raising pension contributions might be an option, it's important to balance this against disposable income. Another option to consider is sharing the caring responsibilities with a partner, which can help spread the long-term impact on pension savings. It's important to have a clear understanding of how part-time work may impact your pension and to make informed decisions accordingly.

SIGNIFICANT GAPS

Recent data has once again highlighted the gender pension gap, which begins to widen significantly from the age of thirty-five and has revealed a significant gap between how much women pay into their pension compared to men.

Based on the analysis of workplace pension data for just over five million pension plans, the gap between women's and men's pension contributions for 35-39-year-olds is 21%, up from 18% last year[1].

PENSION IMBALANCE

This gap then increases to 24% for 40-44-year-olds, 27% for 45-49-year-olds, and a staggering 32% for 50-54-year-olds. The amount paid in pension contributions has a significant impact on retirement income. With women aged 60-65 years old having pension pots which are on average just over half (57%) the size of men's pots at the same age, the gender pension imbalance persists into retirement.

If you are a part-time worker who has been automatically enrolled into a workplace pension scheme, you may want to consider increasing your monthly contributions if it is affordable. It's important to understand that starting early allows a small contribution to build up over time.

ASSET DIVISION

If you earn less than £10,000 per year, speak to your employer about your options for joining your company pension scheme. And if you're thinking of reducing your working hours to help balance family life, consider whether it's better for you or your partner to work part-time. As part of those considerations, look at which of you gets higher employer pension contributions.

When it comes to long-term relationships, keep pensions at the forefront of your mind, and think about how divorce or dissolution of a registered

civil partnership might impact you. Sharing pensions as part of a divorce or registered civil partnership dissolution doesn't happen by default, and it's important to be mindful of how pensions fit into overall asset division.

RETIREMENT PLANS

Another important factor in managing your retirement plans is to check your National Insurance record to see if you're on track to get the full State Pension amount when you retire. You need a total of 35 years of National Insurance contributions, or, in some cases, you can apply for credits. If it looks as though you might be short, you might have the option to pay to fill in the gaps.

If you're not working while looking after a child, you can get State Pension credits automatically until your youngest child is 12 years old if you are claiming Child Benefit. So, apply for Child Benefit even if your overall household income means you need to pay it back through a high-income Child Benefit charge.

FULL PENSION

Lastly, talk to your employer about the policies they offer, for example, equal parental leave irrespective of gender, alongside salary exchange. It means employees who may only receive statutory maternity pay for part of their parental leave maintain full pension contributions.

It's unfortunate to see that women are still facing a significant disparity in their pension savings when compared to men. It's high time for meaningful change to address the gender pension gap, such as committing to equal pay for equal work, providing better support for part-time workers and implementing measures to help those taking time off for family care to avoid significant pension losses. ●

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THE GAP BETWEEN WOMEN'S AND MEN'S PENSION CONTRIBUTIONS FOR 35-39-YEAR-OLDS IS 21%, UP FROM 18% LAST YEAR

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Source data:

[1] Aviva Workplace Pension Data based on a sample of just over 5 million workplace pension plans. Women compared to men. By age group. Percentage difference in mean total contributions paid in Jan 2023; and mean total pension pots in Jan 2023.

GREATER FINANCIAL SECURITY IN LATER LIFE

Preparing for your future in a way that suits your needs

Retirement planning is not a one-size-fits-all system. Everyone has unique lifestyle choices, so it's essential to prepare for your future in a way that suits your needs. Today's savers face challenges like longer life expectancy and the shift from defined benefit pensions to defined contribution plans.

The key to having the retirement you've always wanted is to plan ahead. Retirement shouldn't stop you from living, and it's crucial to enjoy the things you love doing. Some people choose to live off their savings, while others prefer to supplement their income with rental properties or a mix of sources.

PENSION POT

With pension freedoms, we can take our pension money any way we choose, but it's also our responsibility to plan accordingly. Following the pension freedoms legislation, individuals now have more options for accessing their pension pot.

Before the act came into effect in April 2015, individuals had limited access to their pensions. They could only withdraw a 25% tax-free cash lump sum, and the rest of the funds had to be provided as a regular payment for life.

INFORMED DECISIONS

However, with the introduction of pension freedoms, individuals are now able to choose how they receive their pension. This means they can access their pension pot more freely, giving them more flexibility to plan for their retirement in a way that suits their individual needs.

With greater control over their pensions, individuals can make more informed decisions about their finances and enjoy greater financial security in later life. But it's not uncommon for people to underestimate how much money they will need when they retire, so having a clear plan for your retirement goals is important.

Whatever your goals may be, it's never too early to start planning for your future.

If you have a defined contribution pension, here are six simple tips to consider:

1. Use pay rises as an excuse to save more
2. Pay in more when a regular spend ends
3. Maximise any employer contributions
4. Invest lump sums you receive
5. Put off breaking into your pension pot
6. Be choosy about your investment choices

MAXIMISING CONTRIBUTIONS

Preparing for your future retirement is an essential part of financial planning. It's important to assess your individual circumstances and goals carefully, and then create a plan that suits your needs. There are many options available, including annuities, drawdown and a combination of the two. Retirees can benefit from tax relief and tax-free growth on pension savings, so maximising contributions when possible is usually recommended.

Working with your professional financial adviser will help ensure you create a retirement plan that is tailored to your needs and goals. Whether you prefer the stability of an annuity or the flexibility of drawdown, a customised plan can help you manage your retirement income effectively. ●

TRACE ANY LOST PENSIONS AS SOON AS POSSIBLE

Failing to claim your pension means you could miss out on valuable retirement income

Keeping track of a pension can be a challenge, especially if you've had several schemes during your career or changed employers multiple times. Pension schemes can close, merge or be renamed over time, making it difficult to keep on top of them.

In order to ensure you receive your pension, it's crucial to trace any lost pensions as soon as possible. Even if you remember the name of your scheme, it could now be known by a different name. Failing to claim your pension means you could miss out on valuable retirement income, so taking steps to track down any missing pensions is essential.

TRACING LOST PENSIONS

There are several online tools and services available to help you trace lost pensions, including the government's Pension Tracing Service. By taking action and tracing your lost pensions, you can ensure that you receive the retirement income you're entitled to.

Before embarking on a search for a lost pension, it's important to determine whether you are entitled to a pension from the scheme in question. Depending on when you were a member of the scheme and the rules surrounding it, you may not automatically be entitled to a pension.

DIFFERENT SCENARIOS

For example, if you left your employer before April 1975, it's likely that you had your contributions refunded, and you may not be entitled to any pension benefits from the scheme.

If you left your employer between April 1975 and April 1988 and completed at least five years' service by the time you left, a pension may have been kept for you.

If you left after April 1988 and had completed at least two years' service, you might be entitled to a pension. However, if you left with less than the minimum years of service required, you may have had your contributions refunded.

PENSION ENTITLEMENT

It's best to contact the individual scheme or use the Pension Tracing Service to determine whether you have a pension entitlement.

If you're looking to track down a personal or workplace pension, the first step is to check for any old paperwork that may contain the name of your employer or pension scheme, as well as details of the scheme's administrator or provider.

ANNUAL STATEMENTS

This will give you a starting point for your search. It's also worth reviewing any annual statements you may have received, which typically include an estimate of your retirement income based on your pension pot.

If you're no longer receiving annual statements, it could be because you've changed address, in which case you can try contacting the pension provider, your former employer if it was a workplace pension or the Pension Tracing Service.

RETIREMENT BENEFITS

These organisations may be able to help you track down your lost pension by providing information about the pension scheme, including the name of the provider, the policy number and the estimated value of your pension.

By taking action to locate your lost pension, you can ensure that you receive the retirement income you're entitled to and avoid missing out on valuable retirement benefits. ●

SHOULD I GET ALL MY PENSIONS IN ONE PLACE?

Keeping track of your retirement savings is not always easy

Are you worried about losing touch with your pension savings provider? Increasingly, with more people changing jobs multiple times before retirement, it can be easy to lose track of your hard-earned savings. By taking a few simple precautions, you can help ensure that your savings are always accessible and secure.

Make sure to keep your pension provider updated with your contact information, even if you switch jobs or move homes. This will ensure that you receive important updates about your pension and can easily access your savings when you need them.

Stay informed about your pension options and take advantage of any employer contributions or tax benefits available to you. By taking these steps, you can help ensure a secure and comfortable retirement.

VALUABLE PENSION SAVINGS

Additionally, if appropriate it may be worth considering consolidating your defined contribution pension pots if you have savings with multiple providers. This can make it easier to keep track of your savings and could save you money in fees.

Having said this, not all pension types can or should be transferred. It's important to obtain professional advice so you know and can compare the features and benefits of the plan(s) you are thinking of transferring.

WHAT IS PENSION CONSOLIDATION?

Pension consolidation is the process of combining multiple pension pots into one single pot. This can be done with a pension transfer or by opening a new pension and transferring your other pensions into it. You may want to do this to make it easier to keep track of your retirement savings, or to try and get a better rate of return on your investment.

But there are a number of things to consider before consolidating your pensions, such as any exit fees that may be charged, and whether or not you will lose any valuable benefits such as guaranteed annuity rates.

SHOULD I COMBINE MY PENSIONS INTO ONE POT?

Reasons why you might want to consolidate your pensions:

Simplify your finances: If you have multiple pension pots, it may be difficult to keep track of them all. Consolidating your pensions into one pot could make it easier to manage your retirement savings.

Save on fees: If you have multiple pensions with different providers, you may be paying multiple annual fees. Consolidating your pensions may help you save money on fees.

Get better investment options: Some pension providers offer a limited number

of investment options. Consolidating your pensions could give you access to a wider range of investments.

REASONS WHY YOU MAY NOT WANT TO CONSOLIDATE YOUR PENSIONS

Loss of valuable benefits: One key disadvantage is that you may lose out on valuable benefits that are specific to certain pension schemes. For example, some schemes may offer better death benefits than others, so consolidating your pensions into one pot could mean giving up this valuable protection.

Paying higher fees: Another potential downside is that some schemes may have higher charges than you are actually currently paying, which means you would end up paying higher fees. This is something that needs to be carefully considered before making any decisions.

More difficult to access: It's important to remember that once you consolidate your pensions, it may be more difficult to access them early if you need the money for an emergency. This is something that should be taken into account when making any decisions about pension consolidation.

Transferring pension plans will not be right for everyone – you'll need to consider all the facts and decide if it's right for you. You could lose money by giving up any guarantees or benefits you might get from your other pension plans. There's no guarantee that you'll get more as a result of transferring.

BIG TARGETS FOR FRAUDSTERS

Finally, one thing you also need to bear in mind is that pension savings are big targets for fraudsters. If someone contacts you unexpectedly offering to help you transfer your pot, it's likely to be a scam. If you're concerned, contact the Financial Conduct Authority (FCA) to check they're legitimate. ●

> **“STAY INFORMED ABOUT YOUR PENSION OPTIONS AND TAKE ADVANTAGE OF ANY EMPLOYER CONTRIBUTIONS OR TAX BENEFITS AVAILABLE TO YOU. BY TAKING THESE STEPS, YOU CAN HELP ENSURE A SECURE AND COMFORTABLE RETIREMENT.”**

WHAT ARE MY PENSION POT OPTIONS?

How to use your defined contribution pension pot

Are you nearing retirement age and wondering how to best manage your retirement income? Changes to regulations now provide you with greater flexibility and choice when it comes to accessing your defined contribution pension.

Traditionally, people have used their pension pot to purchase an annuity, which provides them with a guaranteed income for life. However, this is no longer the only option available to you.

TAX IMPLICATIONS OF YOUR CHOICES

Under the current rules, you are now able to take out as much as you want from your pension, when you want it. This means you could choose to take a lump sum, a regular income or a combination of the two.

It's important to remember that any amounts taken from your pension will be subject to tax, so make sure you understand the tax implications of your choices. Remember, the choices you make now will have a significant impact on your future retirement income, so take the time to consider your options carefully.

If you have a defined contribution pension pot, there are several options available to you for using your savings in retirement. These include:

DELAY TAKING MONEY FROM YOUR PENSION POT

If you're not ready to retire at the age your pension provider has recorded for you, you have the option to delay taking money from your pension pot. Instead, you can leave your money invested in your pension pot until you need it. This option can be particularly beneficial if you're still working, as it allows you to continue building up your pension savings and potentially benefit from investment growth.

Delaying taking your pension can also increase the amount of income you receive when you eventually do start taking money out of your pension pot. This is because the longer you leave your money invested, the more time it has to grow, potentially resulting in a larger pension pot and higher retirement income.

It's worth noting, however, that delaying your pension may not be the best option for everyone. If you have reached your pension provider's retirement age and are not working, delaying taking your pension could mean missing out on valuable retirement income.

Furthermore, if you have a defined benefit pension scheme, the amount of income you receive may be tied to the date you retire, so delaying could impact the amount of income you receive.

GUARANTEED RETIREMENT INCOME (ANNUITY)

If you're looking for a guaranteed retirement income, you may want to consider buying an annuity. With an annuity, you can use up to 25% of your pension pot to take a tax-free cash lump sum, and the rest of your savings can be used to purchase an annuity that will provide you with a guaranteed income for life, no matter how long you live. Annuities can also be set up to provide a guaranteed income for a fixed period of time.

Annuities are offered by insurance companies, and the amount of income you receive will depend on a number of factors, including the size of your pension pot, your age, health and lifestyle factors, and current annuity rates.

While annuities can provide a guaranteed income for life, they are not suitable for everyone. Once you purchase an annuity, you cannot change your mind and access your savings in a lump sum, and the income you receive may not keep pace with inflation over time. This means that the purchasing power of your annuity income may be eroded by rising prices.

FLEXIBLE RETIREMENT INCOME (PENSION DRAWDOWN)

If you're looking for a more flexible retirement income option, you may want to consider pension drawdown. Pension drawdown allows you to take up to 25% of your pension pot tax-free and keep the rest invested in order to provide you with an income. You decide how much to take out and when, so you can set up a regular income if desired.

The amount of money you get from pension drawdown will depend on how your investments perform and how much you choose to take out. This means that it is important to monitor the performance of your investments on an ongoing basis and adjust your withdrawal amounts accordingly

in order to ensure your income continues for as long as possible.

Pension drawdown offers greater flexibility than an annuity, allowing you to adjust or stop your withdrawals when needed. However, due to the risk involved in investing, it is not suitable for everyone.

TAKE SMALL LUMP SUMS

Taking your pension as a number of lump sums is an option that many retirees consider. This allows you to take out smaller amounts from your pension pot over time until it runs out. You can also get your 25% tax-free amount in smaller amounts – 25% of each lump sum will be tax-free and the rest is taxed as earnings.

Taking your pension as a series of lump sums can offer greater flexibility than other retirement income options, as you can choose when and how much to take out. However, it should be noted that due to the tax implications of taking a lump sum, this may not be the most tax-efficient solution. In addition, taking large lump sums could mean your pension pot runs out more quickly than with other approaches.

CASH IN YOUR ENTIRE POT

Taking your pension allows you to cash in your entire pot, with 25% being tax-free and the rest being taxable. If your take your pension as a single lump sum it should be noted that due to the tax implications, this may not be the most tax-efficient solution. In addition, taking all of your pension as one payment could mean you miss out on potential returns from investments over time.

MIX AND MATCH OPTIONS

Mixing your retirement income options can give you the flexibility to suit different needs across different stages of retirement. For example, you may choose to use a flexible approach at the start of your retirement and then switch to an annuity to get a guaranteed income later on.

If you have large pension pots, you may be able to split them between two or more options for greater security. You may also want to consider keeping contributions going into your pension and taking advantage of the tax relief available until age 75. There are also products available that offer combinations of these options, allowing you to mix and match according to your unique situation.

UNDERSTANDING THE POTENTIAL BENEFITS AND DRAWBACKS

Before deciding which retirement income option or options are right for you, it's important to seek professional financial advice to understand the potential benefits and drawbacks and to ensure they align with your retirement goals.. ●

DON'T LET RETIREMENT CATCH YOU OFF GUARD

Make sure you have a comfortable and secure retirement for the years ahead

Retirement has evolved beyond the traditional image of stopping work completely at 60 for women and 65 for men. With many people choosing to work part-time or continue working later in life, it could be an opportunity to explore new interests or start your own business.

But whatever your goals when planning your retirement, it's important to consider if your current savings and investments, including your home or other pensions, will support the lifestyle you desire. Don't forget to factor in inflation, which could affect the buying power of your money over time.

IMPACTS ON YOUR FINANCES IN THE FUTURE

In addition to shifting your working habits, it's also important to consider events that could impact your finances in the future, such as long-term care or health issues. By planning early, you can ensure that you have a solid plan in place for any unexpected circumstances. Additionally, you may want to consider if your children or grandchildren will require financial assistance for life events like education or buying a home.

Approaching retirement can be both exciting and daunting. While the prospect of leaving the workforce is something to look forward to, the uncertainty of whether you'll have enough funds to sustain your lifestyle can be overwhelming.

COMFORTABLE RETIREMENT LIFESTYLE

One thing is for sure, relying solely on the State Pension will not guarantee a comfortable retirement. It's essential to take the time to review your finances and seek professional financial advice sooner rather than later to ensure a secure retirement.

If you plan to retire within the next five years, there are specific steps you can take to boost your retirement income. By taking action today, you can help ensure a comfortable retirement lifestyle.

Don't let retirement catch you off guard, start planning now to guarantee the retirement you deserve. Approaching retirement can be an overwhelming time, but by considering the following eight areas, you can help ensure a financially secure retirement.

1. Track down all of your pensions to make sure you're claiming everything you are entitled to, and use the UK government's pension tracing service if needed.
2. Determine when you can access your pensions, considering pension freedoms that allow for flexible withdrawals from age 55.
3. Know the value of your pension by regularly checking your pension statements.
4. Obtain a State Pension forecast to understand your expected payout at retirement based on your National Insurance contributions.
5. Seek professional financial advice to evaluate and reevaluate your current savings and investments and avoid accessing your pension too soon.
6. Decide how you will access your pension by researching the various pension options available and selecting the best one for your retirement needs.
7. Review your pension investments regularly, including the associated costs and risks, to ensure your retirement savings align with your personal situation.
8. Obtain professional financial advice to help ensure you make informed decisions about your finances and future.

CONSIDER MULTIPLE FACTORS

Retirement planning is essential to ensure you know how much you have available, how to access it and when you can afford to retire. Consider these eight areas to help make sure you have a comfortable and secure retirement for the years ahead.

As retirement approaches, it's important to consider multiple factors to ensure a smooth transition into this new phase of life. One of the most crucial things to evaluate is your financial situation to make sure that you have enough income to support the lifestyle you desire. By taking the time to prepare for the financial aspects of retirement, you can ensure a more fulfilling and enjoyable experience. ●

IN SUMMARY

Careful planning and smart decision-making

Retirement planning can seem daunting at first, but with the right professional advice, tools and strategies in place, it is possible to achieve financial security during your golden years.

From setting clear goals and developing a budget to investing in a diverse portfolio and maximising retirement benefits, there are numerous steps you can take to secure your financial future. Remember that retirement planning is an ongoing process, and it's never too late to start taking action to build a more comfortable, financially stable retirement.

With careful planning and smart decision-making, you can enjoy your retirement years with confidence and peace of mind.

LOOKING FOR A RELIABLE AND EFFECTIVE WAY TO PLAN YOUR RETIREMENT FINANCES?

Look no further than our retirement financial planning services! With expert advice and support from our team, you can confidently position your finances to maintain a comfortable standard of living and achieve all of your life goals.

Whether you're looking to travel the world, start a new business or simply enjoy your golden years in comfort, we can help you make the most of your retirement. Start planning today and secure your financial future! ●

ARE YOU FEELING OVERWHELMED WHEN IT COMES TO PLANNING FOR RETIREMENT?

Don't worry, you're not alone. Retirement planning can be a daunting task, but with our help, it doesn't have to be. We'll guide you every step of the way, explain all of your options, and develop a personalised plan to help you reach your goals.

To discuss your plans for the future and how we can help, please contact us.