



Holistic Financial Leadership



GUIDE TO
**GETTING SET
FOR RETIREMENT**

Your Countdown to Retirement Checklist

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Welcome to our *Guide to Getting Set for Retirement*. As you approach the last five years before your retirement, there will be a lot of things to consider. You'll need to think about your finances, your health, your housing situation and your plans for the future to live comfortably in retirement. In recent years, the changes to pensions legislation have created greater freedom and choice over how pension assets can be used. However, with freedom and choice comes complexity.



Understanding your options

There has rarely been a more challenging time to retire, which is why it has never been more important to understand your options. Remember, the choices you make today will have a big impact on the quality of your life later on.

As a result, there will be lots of questions you'll need to ask: How much money will I need to have saved? What will my income sources be in retirement? What kind of lifestyle do I want in retirement? What will my health care needs be in retirement? What are my long-term care needs in retirement? What are my estate planning needs in retirement? What are my tax considerations in retirement?

There are also a number of things to review in order to ensure you have a comfortable and enjoyable retirement.

Things to consider as part of your retirement checklist

Track down your pensions

There are a number of ways you can track down a pension in the UK. But the most straightforward is to use the government's Pension Tracing Service to help you find lost pensions – visit: <https://www.gov.uk/find-pension-contact-details>

The most important thing is to keep good records and to know where your pension money is invested. If you have moved jobs or changed address, update your records with your current contact details. This will help ensure that you receive any correspondence relating to your pension.

When can you access your pension/s?

The earliest you can currently access your UK pension is age 55 (this will be changing to age 57 in 2028 unless your plans have lower protected pension ages). However, this does not mean you automatically receive your pension at this age – it simply means

that you can start to take benefits if you wish. The exact amount and how often you receive your pension payments will depend on the rules of the specific scheme you're in.

For workplace and personal pensions, there's no set retirement age, so it's down to the rules of the individual scheme. Some schemes may require you to retire at a certain age, while others may give you the flexibility to carry on working for as long as you want. The decision of when to take your pension is a personal one, and will depend on your individual circumstances.

What's your pension's value?

There are many benefits to checking your UK pension's value regularly as you approach retirement. By doing so, you can ensure that your pension remains on track to providing you with the income you will eventually want in retirement.

By keeping track of your pension's value, you can be sure that you are making the most of



your investment and are keeping an eye on any changes in the value of your retirement fund. This is important because it will help you identify what adjustments, if any, need to be made to your retirement plans.

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Get a State Pension forecast

A State Pension forecast gives you an estimate of the amount of money you will receive from the government once you reach retirement age. You can obtain your forecast online

through the government’s website, visit <https://www.gov.uk/check-state-pension>. When requesting your forecast, you will need to provide personal information, such as your date of birth and National Insurance number.

Once you have received your forecast, it is important to keep in mind that the amount stated is only an estimate. The actual amount you receive may be higher or lower than what is indicated on your forecast, depending on a number of factors.

Find out the value of your other investments

You need to obtain an accurate estimate of the value of your other investments when planning for retirement. These will play a role in how much money you’ll need to withdraw from your retirement accounts each year. If you have a large investment portfolio, you may be able to withdraw less each year, which could help stretch your retirement savings further.

The value of your other investments is likely to impact on how much income you’ll need to generate from them in order to meet your retirement expenses. If you have a more modest portfolio, you may need to withdraw more each year in order to cover your costs. Knowing the value will enable you to determine whether you’re on track to reaching your retirement goals. If your portfolio is worth less than you had hoped, you may need to make adjustments to your savings and investment strategy in order to realign your retirement plans.

How will you access your pension?

If you have a UK Defined Contribution pension, you may be able to take some or all of your pension benefits as a lump sum from age 55 (age 57 in 2028 unless your plan has a protected pension age). You can take up to one-quarter of your pension pot as a tax-free lump sum. The remaining balance can be used to provide an income for life or placed in flexi-access drawdown to be accessed as and when required.

It’s also possible to withdraw your entire fund as a lump sum. However, there are some things you should bear in mind before taking this step. Taking your pension benefits as a lump sum will mean that you will have less money to live on in retirement. This is because the lump sum will be subject to Income Tax (apart from the 25% tax free

element), and taking your pension benefits as a lump sum may also affect your entitlement to certain means-tested state benefits.

Make a retirement budget

It’s no secret that retirement can be expensive, especially with the effects of rising inflation. In addition to the obvious costs, like housing and healthcare, there are a myriad other expenses that can quickly add up. From travel and leisure to groceries and utilities, retirees have plenty of bills to pay. That’s why it’s so important to create a retirement budget. By understanding where your money is going, you can identify potential areas of improvement.

A retirement budget doesn’t have to be complicated. But it should include all of your expected sources of income, as well as all of your anticipated expenses. Once you have a clear picture of your cash flow, you can start making adjustments to ensure you can look forward to enjoying your retirement years. ■

NEED HELP TO UNDERSTAND ALL OF YOUR OPTIONS?

Before making any decisions about your retirement plans, it’s important to seek professional financial advice. This will help you understand all of your options and make the best decision for your individual circumstances. For more information or to discuss your requirements, please contact us.

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.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

TIME TO DISCUSS PLANNING YOUR RETIREMENT WEALTH?

The pension landscape is complex, with legislation changing all the time – and we all have different circumstances and attitudes to investment risk. We can help you to face retirement knowing that you are well prepared for what might happen.

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

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