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FACTSHEET

Preparing for your upcoming retirement

Greater responsibility on individuals to plan for financial security in old age

Deciding what to do with your pension pot is one of the most important decisions you will ever make for your future. The 'pension freedom' changes of April 2015 represented a complete shake-up of the UK's pensions system, giving people much more control over their pension savings than before.

You now have just 60 pay packets left until you retire. This is a time when you'll need to obtain up-to-date pension forecasts and obtain professional financial advice to make sure your retirement plans are on track.

ARE YOU READY TO RETIRE?

The first step is to ask yourself if you are ready to retire. There are many factors to consider. Your financial affairs is the big factor to begin with. Your ability to afford retirement depends on your lifestyle, your family situation and home ownership. If you have dependent children, or have 15 years left on your mortgage, the time might not be quite right.

You have to ensure retirement is the right move for you. Work can be stressful, but it can be rewarding and give you a sense of achievement. People may miss the routine of working life and the day-to-day interaction with people.

TAKING A DIFFERENT PATH

What you need might not be retirement, it could be change. A chance to get out from behind your desk to do something meaningful. Perhaps retirement is your ticket to achieving this – taking a different path where money is no longer the prime motivation.

If you are afraid about having time on your hands after retirement, explore options for filling it well before you take the leap.

MAJOR CHANGE IN LIFESTYLE

Retirement means a major change in lifestyle. You need a clear mind of what you want your life to look like and how to spend your time. Then, you can work on arranging your finances to suit.

Decide on your priorities for retired life. Do you want to travel, or split your time between home and somewhere hot and exotic? Is there a particular hobby you want to immerse yourself in? What kind of leisure and social activities matter to you?

LATER YEARS IN YOUR RETIREMENT

Try not to get caught up in what happens right after you end work – also consider the later years in your retirement. Will long-term travel continue to be feasible as you get older? Will you need such a large house, or will it become a burden? And what about in the latter stages of life? Should you need to fund care?

You must also have a clear picture of what kind of life you would like to lead in retirement and what it will cost. Then, you can start to dig a little deeper into what you might be able to afford. This means getting to grips with your sources of income once your earnings stop.

REQUEST UP-TO-DATE FORECASTS

Your first port of call is your pension – or pensions. Contact previous pension trustees to request up-

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to-date forecasts. If you've lost details of a pension scheme and need help, the Pension Tracing Service (0800 731 0193) may be able to help.

You should also find out what your likely State Pension entitlement would be – you can do this by completing a BR19 form or by visiting www.direct.gov.uk.

CONSOLIDATE EXISTING PENSIONS

If you have personal pensions, you need to find out where they are invested and how they have performed. Also, check if there are any valuable guarantees built into the contracts. It may make sense to consolidate existing pensions, making it easier for you to keep track of everything and reduce the amount of correspondence you receive.

With investments in general, it is important to review your strategy before you take the leap into retirement. You don't need to suddenly become an ultra-conservative investor – you still want your portfolio to grow over the next few decades. Should the investment markets make a correction, you may want to limit your downside. Don't forget, there may be another 30 years ahead.

DON'T PUT OFF CONFRONTING THE TRUTH

If your investments don't look on course to give you the income you'd hoped for in retirement, don't put off confronting the truth. You may need to revise your projected living costs. Alternatively, there's still time to change your investments, and you could also cut back on spending while you are still earning to generate more savings.

Your income can be used in other ways besides topping up your savings as you prepare for retirement. Clearing debts, including your mortgage, should be a priority before you retire. Whatever you owe on credit cards and loans, focus on paying off the debt that charges the most interest first. Debt will be the biggest burden once you do not have a regular working income.

CONSIDER RE-ADJUSTING YOUR FINANCES

Having no mortgage to pay is a major step towards re-adjusting your finances for a post-salary life. You might also decide you want to sell up, whether to downsize, to give you a lump sum of cash to live off, or to fund your dreams of moving abroad. Either way, use your working income while you can to improve your home, maximising potential revenue when you come to sell it. ■

CAN YOU FINALLY SEE RETIREMENT ON THE HORIZON?

Retiring is a huge life event and can sometimes leave us feeling like we've lost our identity. After decades of working and saving, you can finally see retirement on the horizon. But now isn't the time to coast. If you plan to retire within the next five years, we can ensure you take the right steps today to help ensure that you have what you need to enjoy a comfortable retirement lifestyle. To arrange a meeting, please contact us.

The content of this factsheet is for general information only and should not be considered advice. Pensions are not normally accessible until age 55. The value of investments can go down as well as up in value and you may get back less than you invested. Your pension income could also be affected by 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. Accessing pension benefits early may impact on levels of retirement income and is not suitable for everyone.

(FS029 Jun -19)

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