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Time to kickstart your retirement plans?

How to get your retirement plans in motion

Retirement signifies a well-deserved achievement, a significant turning point in life. It should be a period of anticipation and joy, an opportunity to indulge in activities that bring happiness and contentment. Currently, retirement is marked by increased flexibility in accessing your pension savings. While this offers many choices, it also gives rise to numerous queries.

Retirement planning, accompanied by crucial decision-making and understanding various options, might seem daunting, especially with the escalating cost of living affecting several financial plans. This is where the value of professional retirement advice comes into play. We can help you simplify major decisions by clarifying your options, instilling confidence in your choices and ensuring they are beneficial and tax-efficient.

RETIREMENT LIFESTYLE

With the UK witnessing record-breaking inflation in food and fuel prices, the rising cost of living undoubtedly influences our financial plans. If retirement is on the horizon, apprehension about increasing inflation, interest rates and the potential impact of the cost of living crisis on your retirement lifestyle is quite natural.

We can guide you in such circumstances and assist in determining an achievable retirement date based on your total income and expenses. When you include all your potential income sources, not merely your pension savings, you might discover the possibility of retiring earlier than anticipated or gradually reducing work hours before fully retiring. Even if immediate retirement is outside your agenda, we can help you understand when you can afford to retire.

INCOME SOURCES

We'll work with you to analyse all your income sources to estimate your possible annual income post-retirement while ensuring you have sufficient funds for as long as you need. Income sources will likely include pensions, your entitlement to a State Pension, and any savings or investments like Individual Savings Accounts (ISAs). Rental income from a buy-to-let property may also be an option, in addition to any equity in your home that you're willing to release, either through downsizing or equity release.

As your retirement may last 30 to 40 years, ensuring your income lasts throughout this period is crucial. As we've witnessed over the previous few years, inflation rates have reached double-digit figures, so ensuring your money is working hard for you is more important than ever.

BEAT INFLATION

Investing a portion of your money during retirement also offers growth and an opportunity to beat inflation. This is where our professional advice is essential, helping to ensure your money is invested wisely and that your investments align with your retirement plans. However, remember that investments can fluctuate in value, and you may get back less than you initially invested.

Overpaying taxes in retirement is another common pitfall. For instance, if you withdraw more from your pension savings than necessary, you could pay more tax than required. We can guide you through this, ensuring you draw your retirement income in the most tax-efficient way. However, bear in mind that tax laws and legislation can change. Your circumstances, including your location within the UK, will significantly impact your tax treatment. ■

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE 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 FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE MOST BUY-TO-LET MORTGAGES.

ARE YOU IN CONTROL OF YOUR RETIREMENT PLANS?

If you require further information or have more questions, please get in touch with us. We are always ready to provide guidance and answer any queries. We'll work with you to ensure you control your retirement plans so your retirement is as comfortable and fulfilling as possible.