

How to prepare for retirement

Insights for taking control of your future planning

It is clear that enjoying a comfortable retirement is a common goal for many people. However, achieving this requires addressing difficult questions about your savings and vision for retirement. Contributing to a pension is essential for future planning, but how can you assess whether you are on the right track?

Here are insights to help you take control of your retirement plans, from understanding how much you'll need to retire to practical steps for preparing your pension.

START BY DEFINING YOUR RETIREMENT GOALS

Before making financial plans, you need to think about how you want your retirement to look. Do you imagine travelling the world, moving closer to family or enjoying hobbies at home? Your goals will determine how much you need to save.

Once you've visualised your ideal retirement, it's time to calculate your expected costs. Everyday expenses, travel, medical costs and leisure activities should all be considered. We can assist you in calculating these amounts so you can gain a clearer understanding of how much you will need.

UNDERSTANDING HOW MUCH IS ENOUGH

Understanding the amount you'll need after leaving work is essential. As a guideline, most people will likely require between 65% and 70% of their current income to maintain their standard of living in retirement. For example, if you earn £80,000 a year, you'll probably need around £52,000 to £56,000 annually.

Don't forget to consider inflation. Something that costs £1,000 today might cost significantly more in 20 years. By accounting for annual inflation rates (typically between 2% and 3%), you can more accurately estimate future costs.

EVALUATE YOUR CURRENT SAVINGS

Now that you have a target, it's time to assess your current savings. Begin with your workplace or private pension schemes. How much is currently in your pot, and how much do you contribute each month? Review your annual pension statements or contact us for an update on your progress.

Don't overlook other savings and investments that can enhance your retirement income. This may include Individual Savings Accounts (ISAs) or property investments. Along with your pension, these assets can form the foundation of your retirement fund.

MAKE ADJUSTMENTS TO YOUR CONTRIBUTIONS

If there's a gap between your current situation and where you need to be, it may be time to adjust your contributions. Many employers in the UK provide matching contributions, so increasing your payments could double the impact on your pension pot. It's money you won't miss now, but you will be grateful for it later.

Even minor adjustments can lead to significant differences due to compound interest. Saving just an additional £50 each month could accumulate into thousands over 20 to 30 years. Make a commitment to increase your contributions whenever possible, even if it's a modest amount.

DON'T FORGET ABOUT THE STATE PENSION

While personal savings and pensions are essential, the State Pension offers a safety net. To qualify for the full new State Pension, you'll need 35 qualifying years of National Insurance contributions. If you're uncertain about your National Insurance record, you can check it through the government's website.

The full rate of new State Pension is £230.25 a week, which acts as a useful supplement to your private pensions and savings. However, it is unlikely to cover all your retirement income needs, so relying solely on it would be unwise.

SEEK PROFESSIONAL ADVICE TO STAY ON TRACK

Retirement planning isn't a one-time activity. Life changes, as we've seen with financial markets fluctuating, and your goals may evolve over time. That's

why conducting regular reviews of your retirement savings and financial plans is essential. These reviews help ensure that you're on track to meet your goals and allow you to adapt to any changes in your circumstances or the broader economic environment.

If you're uncertain or overwhelmed by the complexities of retirement planning, we can help you identify the pension solutions best suited to your needs, optimise your investments for long-term growth and ensure you maximise available tax benefits and allowances. With the right strategy and support, you can approach retirement with confidence and peace of mind. ■

WOULD YOU LIKE TO DISCUSS YOUR PENSION GOALS WITH US?

Retirement may seem like a distant dream, but now is the perfect time to secure your future. Whether you need assistance understanding your current savings or developing a robust plan for the years ahead, contact us to discuss your retirement goals and learn how to maximise your pension. The earlier you begin planning, the brighter your future will be.

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