

Question time

Why planning for your future retirement requires answers

We all look forward to stopping work, embarking on a new path and making the most of our new-found freedom. But with all the talk and concern about dwindling retirement funds and our shaky economy, many retirees and soon-to-be-retired boomers need to consider three very important questions, sooner rather than later.

Ask yourself these three questions when planning for your future retirement:

1. HOW LONG WILL I BE RETIRED FOR?

According to the Institute of Fiscal Studies, 58.5%^[1] of workers haven't given any thought to how long their retirement could last. A 65-year-old can now typically expect to live for a further 20 years. That could mean you're retired for almost as long as you've been saving for retirement. Be clear when you want to stop working, but think of your pension savings as deferred pay and budget accordingly.

2. HOW MUCH DO I NEED TO INVEST?

Paying more into your pension may not necessarily be top of your to-do list. It's tempting to think it's something you need to worry about in the future. You need to be investing as much as you can for as long as you can to make every year count. Maximising tax allowances can also make retirement funds last longer. As well as contributing to your pension pot, you can use other savings and investments to help fund your retirement.

3. HOW WILL I STAY ON TRACK?

Once you're investing, it's also worth keeping sight of your retirement goals to make sure you're on track to meet them. 74% of under-45s with pensions have no idea what their pension pots are currently worth, and 79% say they don't know what income they are expecting when they retire. These figures suggest many people don't really know the true value of their pension until they are older and in the run-up to retirement, despite the fact that they are likely to be receiving annual pension statements. You should regularly review your pension.

MAKING YOUR MONEY WORK HARD FOR YOU

The earlier you start your retirement planning preparations, maintaining your progress and keeping focus on your goals, the more confident you can feel that you're making your money work hard to safeguard the life after work that you deserve. To review your current situation, please contact us.

Source data:

[1] All figures unless otherwise stated are from YouGov Plc. Total sample size was 2,018 adults, of which 1,361 have a pension. Fieldwork was undertaken between 9-12 August 2013. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

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