

Preparing for retirement: What you need to know

How to navigate your transition to life after work

The age at which you decide it's time to take life easy is a very personal choice. When your retirement day arrives, you can toss away your alarm clock, bid farewell to your commute and discard those restrictive business suits.

Whether you're planning to travel, spend more time with your family or take up a new hobby, it's essential to review your financial plans to ensure you have the means to achieve your goals.

Although the big day may now be close at hand, it is prudent to remain vigilant regarding any changes to retirement regulations, benefits and financial plans, in case they may affect your retirement fund. To help you focus, we've compiled practical steps to take as your retirement approaches.

UNDERSTAND WHAT YOU'VE GOT

One of the initial steps to planning your retirement involves tracing all your pensions and verifying how much income they will generate. Many of us undergo career changes, which can lead to losing track of workplace pensions. Fortunately, the UK government provides a pension tracking service to assist you in locating any lost pensions.

It is equally important to understand when you can access these funds. If you have a SIPP (Self-Invested Personal Pension), the earliest access age is usually 55, rising to 57 in 2028 for those born after April 1971. Other pension schemes may have different rules, so examine your plan carefully.

CHECK AND STREAMLINE YOUR FINANCES

Knowing how much your pension is worth is key to understanding the lifestyle you can lead in retirement. Keeping track of its value, along with any returns or changes in investment strategy, allows you to make informed financial decisions. It's equally vital to get a State Pension forecast to ensure you qualify for the full amount, as this will form part of your overall income.

Additionally, if you have other investments, such as Individual Savings Accounts (ISAs) or savings accounts, now is the time to assess their value. Understanding all your assets allows you to create a cohesive financial picture. Remember, managing your investments effectively will enhance your retirement fund.

DECIDE HOW TO ACCESS YOUR FUNDS

When accessing your pension, there isn't a one-size-fits-all solution. You can withdraw lump sums, purchase a guaranteed income stream through an annuity or choose a combination of both. The decision hinges on your personal circumstances and long-term goals.

As you approach retirement, it is also worth evaluating how your pension is invested. If security is your priority, it may be wise to adjust your investment strategy to lower risk levels. Moving away from volatile assets as retirement approaches can help protect your savings.

PLAN FOR A SMOOTH FINANCIAL TRANSITION

Creating a retirement budget can help you align your expectations with financial reality. By assessing how much income you will need compared to how much you'll have, you can avoid any unwelcome surprises. Certain expenses may decrease, such as work-related costs or a paid-off mortgage, while others, like healthcare or travel, could increase. Consider these changes to create a realistic plan.

Additionally, consider how you will spend your time. Retirement isn't merely a financial shift but a change in lifestyle and it's vital to prepare mentally for this transition. A carefully crafted financial and emotional strategy can assist in making the process seamless.

TAKE EXPERT PROFESSIONAL ADVICE

Your pension is crucial for achieving financial independence in retirement, so any decisions related to it should be made with care. If you're uncertain about any aspect of your retirement planning, we can help you make informed and tailored choices. A well-structured plan will instil confidence as you embark on this next phase of life. ■

IS IT TIME TO DISCOVER HOW WE CAN HELP YOU?

Retirement should be a time to enjoy life on your own terms, but reaching that stage requires preparation and planning. To ensure you're ready to make the most of it, speak to our experienced team, who can guide you through your options and provide personalised advice.

Contact us today to discuss your requirements or find out more about how we can help tailor a retirement plan that works for you.

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