

# Planning for retirement

## What income should you aim for to maintain your current lifestyle?

Retirement may seem a long way off but are you saving enough now for a comfortable retirement in the future? A general rule of thumb suggests that you should aim for a retirement income of two-thirds of the amount you would expect to be earning at the end of your career.

It can be hard to plan for tomorrow in this current climate of austerity when we're busy living for today, but if you begin planning and saving now you'll have more options in the future.

### Sufficient income

With the state pension and some private pensions falling short in terms of what they provide in retirement, can you rely on these alone to provide sufficient income? The state pension age for women is set to increase to 65 by 2018 and will rise to 66 by 2020 for everyone. The government has confirmed this timetable in the face of much opposition.

The decline in the state pension over recent decades and the diminution of the final salary scheme sector have left millions to fend for themselves in their retirement provision, though many will still enjoy some contributory support from their employer.

### Simple concept

You'll be surprised at the big difference it can make to your savings if you start saving early. This is because of 'compounding'.

Compounding is a simple concept. When you invest money you earn interest or income on your capital. Then next year you earn on both your original capital and the interest from the first year, and so on. It's the snowball effect – as your capital 'rolls down the hill', it becomes bigger and bigger. The earlier you start investing, the more time you have for compounding to take effect.

### Preserve your savings

The closer you get to retirement, the greater the need to preserve your savings and ensure they will last all through your retirement. This is also a time to consider what changes you may need to make to your investments as you approach retirement.

People are living longer, so you'll need to make sure your money lasts as long as you do. It's also crucial to make the right investment decisions now to ensure that over time your money will keep pace with the threat of rising inflation.

## Ensure your pension plans are on track.

### Do you know the answers to these questions?

- are you paying enough into your pension?
- what income is your pension fund likely to buy you in retirement?
- at what age will you be able to afford to retire?
- where is your money invested?
- how will you draw an income at retirement?

AS PART OF OUR SERVICE WE ALSO TAKE THE TIME TO UNDERSTAND OUR CLIENT'S UNIQUE RETIREMENT PLANNING NEEDS AND CIRCUMSTANCES, SO THAT WE CAN PROVIDE THEM WITH THE MOST SUITABLE SOLUTIONS IN THE MOST COST-EFFECTIVE WAY. IF YOU WOULD LIKE TO DISCUSS THE RANGE OF RETIREMENT SERVICES WE OFFER, PLEASE CONTACT US FOR FURTHER INFORMATION.

*A pension is a long-term investment. The fund value may fluctuate and can go down as well as up. You may not get back your original investment. Past performance is not an indication of future performance. Tax benefits may vary as a result of statutory change and their value will depend on individual circumstances. This is for your general information and use only and is not intended to address your particular requirements. It should not be relied upon in its entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, Critchleys Financial Planning cannot guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts.*

