



Information

Retirement Planning

Retirement has often been described as 'the longest holiday of your life', but many are failing to plan ahead for this well-earned vacation and some will find that they retire on less income than expected.

Figures compiled by the Department of Work & Pensions (DWP) suggests that the percentage of employees with no pension provision has increased from 40% to 45% since 1998-99. (source: savingforretirement.co.uk July 2008)

We have come a long way since the first state pension was introduced by the Old Age Pensions Act in 1909. At that time, a meager state pension was paid from age 70, (despite life expectancy of males being around 45).

Today we have a range of retirement planning solutions, yet many people have not made retirement plans or are contributing too little.

Relying on the Government to provide sufficient income is unlikely to be a successful strategy. The message that the Government is increasingly giving is that your state pension will keep you out of poverty, but you must save if you wish to be comfortable. And those hoping for an inheritance or selling their house for a massive profit could also be disappointed. Putting all of your eggs in one basket, such as property investment, is a high risk approach.

Due to improvements in medical care and generally healthier lifestyles, people are living longer. That is good news, but it does mean that we could be retired for longer and that is not a welcome prospect if you don't have sufficient income in your old age. Retirement may seem a long way off and saving for the future may be low on your financial priorities, but you should consider it sooner rather than later. Retirement planning often demands a little sacrifice and discipline.

With the proposed introduction of Personal Accounts in 2012, it is important that such an important subject of savings for retirement is explored to ensure that you are rewarded in retirement.

Pension planning can be complex and advice from a financial adviser is essential to ensure that your future aims can be met. Your retirement plans may be complicated by changes that have taken place to all pensions from April 2006. The so-called pension 'simplification' is far from simple and despite increasing flexibility with how much you can contribute to pension arrangements, it could mean those planning an early retirement may have to reassess their aims.

A combination of pension and savings plans can be used to build a retirement fund and with careful planning and regular reviews, you can fulfill your financial goals and personal objectives. Whichever products are suitable for preparing for your retirement, your Barton Lyle Consultant can help you plan for that 'long holiday'.

The value of your investments and any income from them can fall as well as rise and investors may not get back the amount invested.

