

INSIGHT

ISSUE 2

2018

AVOIDING HIDDEN DANGERS IN RETIREMENT

Make sure you don't run out of money or face a reduced standard of living

FINANCIAL RESILIENCE

How prepared are you for any financial shocks?

NEW LEASE OF LIFE

Pensioners embracing the benefits of retirement and new-found time



REACH YOUR FINANCIAL GOALS

Helping you realise your retirement vision

COUNTDOWN TO RETIREMENT

Matching the living standards of those who have already retired

THE A-Z OF HEALTH AND WELL-BEING

The kick-start to a healthier lifestyle



Insight 2018 Introduction

Welcome to the 2018 issue of *Insight*. Increasingly, more and more pensioners are keeping much of their pension invested after they retire. This means they're faced with two very different risks when deciding what to do with their savings in retirement in a world of 'pension freedoms'. Since April 2015, people who reach retirement have had much greater flexibility over how they use their pension funds to pay for their later years. A recent report identified that many savers in retirement are either taking 'too little' risk (the 'risk averse' retiree) or taking 'the wrong sort' of risk (the 'reckless' retiree). On page 06, we look at how each of these approaches increases the danger of a saver either running out of money during their retirement or having to face a reduced standard of living.

Over three million working couples are classed as 'double income, no option' (DINOs), which means they are potentially financially vulnerable if one of the two loses their earnings. On page 08, we look at why the typical household today looks very different from the traditional image of a working family made up of one primary breadwinner and one homemaker. Instead, nowadays many households rely on two incomes to maintain their lifestyle, or even just to get by. Of the two thirds of Britons who are living as part of a couple, half (51%) are both currently working. Yet, without adequate savings or protection insurance, millions could be at risk financially if one of the main earners was unable to work for a period of time.

Spending time with family, easily having a shower or bath and driving a car are the top day-to-day moments that most people would miss if they could no longer do them. However, seven in ten (69%) people – over 36 million people – fail to associate good health with being able to do activities like these, according to research released by Bupa Health Clinics which surveyed over 4,000 people across the UK. Other pursuits which made the 'Miss List' include eating out, sport and exercising, and cooking. However, the role health plays in enjoying these everyday things and achieving goals in life is taken for granted by many adults, and we look at this in more detail on page 12.

We hope you find the articles in this edition useful and interesting. If you do have any questions or wish to discuss any of the articles featured, please contact us.

The MGP Team – taking care of your pension and protection needs.

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04



06



08



11

Contents

03 NEW LEASE OF LIFE

Pensioners embracing the benefits of retirement and new-found time

04 THE A-Z OF HEALTH AND WELL-BEING

The kick-start to a healthier lifestyle

06 AVOIDING HIDDEN DANGERS IN RETIREMENT

Make sure you don't run out of money or face a reduced standard of living

08 FINANCIAL RESILIENCE

How prepared are you for any financial shocks?

09 BEWARE OF THE SCAMMERS

Fraudsters employ increasingly advanced psychological tactics to persuade victims to invest

10 REACH YOUR FINANCIAL GOALS

Helping you realise your retirement vision

11 COUNTDOWN TO RETIREMENT

Matching the living standards of those who have already retired

12 'MISS LIST'

With retirement in your sights, what do you think you'll miss?



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New lease of life

Pensioners embracing the benefits of retirement and new-found time

AS WITH ANY NEW LIFE STAGE, PLANNING OFTEN HELPS A SMOOTH TRANSITION FROM THE OLD TO THE NEW. PREPARING PROPERLY FOR ANYTHING NEW REQUIRES PLANNING AND COMMITMENT. SPENDING TIME ON PLANNING NOW WILL ENSURE YOU ENJOY THE RETIREMENT YOU'VE WORKED HARD TO ACHIEVE.



According to new research^[1], retirement has meant a new lease of life for millions of people who have given up work in the last ten years, with more than one in four (26%) saying they are fitter and healthier since they stopped working. Far from winding down, nearly half of those who have retired since the height of the financial crisis (48%) say they are busier and more active than they anticipated.

EXPERIENCE OF RETIREMENT

Through embracing the benefits of retirement and making the most of the new-found time, more than one in three (35%) say they have more time to make their life more adventurous than they could have hoped while they were still at work.

When asked how else their experience of retirement was exceeding their expectations, many of those who have become pensioners in the last ten years pointed to improvements in their relationships. More than a quarter (26%) believe they now get on better with their partner, while 25% think that their relationship with their family is happier since stopping work. Meanwhile, just under one in four (23%) say their social life has improved more than they expected.

PROFESSIONAL FINANCIAL ADVICE

As people who plan to finish work in the next ten years begin to look forward to their retirement, there's plenty they can still do to make sure they are as comfortable as the people who have

become pensioners over the last decade. Most importantly, in the face of changing pension rules, many people will benefit from obtaining professional financial advice in the run-up to retirement.

Retirement will continue to change over the coming years, but for many people the desire to make the most of their new-found free time will remain. Reflecting on their retirement in general, the vast majority who gave up work in the last ten years (86%) said that it had met their expectations or they were happy with how it had panned out so far, while only one in eight (13%) said that it has been a disappointment.

THOUGHTS, FEELINGS, EMOTIONS

Nearly two in five (37%) thought they would have missed work more than they have since retiring, and in fact one in four (26%) wish they had retired earlier. Meanwhile, on reflection, more than one in ten (11%) wish they had been more active or found a job in the early years of their retirement.

It's important to prepare your thoughts, feelings and emotions for the next phase in your life: a time to look forward to and welcome as a chance to do the things you have been dreaming about, as well as a rest after a long career. There is likely to be a mixture of feelings and thoughts as you start on this new venture into uncharted territory. ■

ANY CONCERNS ABOUT YOUR RETIREMENT?

If you have any concerns about your retirement provision or would like to assess your personal circumstances to see what type of retirement income your current planning will give you once you've retired, please contact us. If your goals are out of reach, or you're taking undue levels of risk, we'll let you know.

Source Data:

[1] Consumer Intelligence conducted an independent online survey for Prudential between 26 May and 5 June 2017 among 751 adults in the UK who had retired within the last ten years.

The A-Z of health and well-being

The kick-start to a healthier lifestyle

A – ACAI BERRIES

The acai berry can be found in the Amazon and is rich in antioxidants. It's known to help heart and cellular health, improve skin, boost immunity (It's high in vitamin C and elegendic acid), and slow ageing thanks to its high concentration of plant phytochemicals.

B – BEE POLLEN

Bee pollen gives an instant energy boost as well as being rich in minerals, vitamins, enzymes and amino acids. It helps with allergies, reduces inflammation and boosts the immune system.

C – CHIA SEEDS

Originally found in Mexico, chia seeds are a nutritional powerhouse: easy to digest, filling and energy-giving. Chia seeds help build stronger bones and muscle, and have also been linked to helping to regulate diabetes.

D – DETOX WATER

Being surrounded by pollutants, chemicals and pesticides is part of life. Fortunately, our bodies are built to detox naturally, but there's no reason why we can't help them out. Detox water tastes refreshing and contains alkalising ingredients, bringing the pH of the body back to normal after acidity has been formed overnight.

E – EGGS

Eggs are high in protein (6g per egg) and often a good supply of branch chain amino acids. One rule: eat the whole egg. The yolk not only makes the egg nutritious, it also tastes better.

F – FATS

Natural fats such as coconut oil, salmon, avocado and dairy are all beneficial for human brain function. They're filling, a great source of energy and taste good too.

G – GINGER

Ginger is one of the most powerful spices on the planet. It has an army of rejuvenating compounds and calms even the most upset or sensitive stomach.

H – HOT STONE MASSAGE

Originally used by Native Americans to treat aching muscles, a hot stone massage involves a therapist placing smooth, heated stones on your body. The heat is relaxing and helps warm up tight muscles – after a tough workout, there's nothing better.

I – INCA BERRIES

Inca berries (also known as 'cape gooseberries', 'ground cherries' or 'husk cherries') are packed full of protein, fibre and vitamins A and C. They've got a sour finish, but the health benefits are most definitely worth it. They're also good in their dried form.

J – JAPANESE GREEN TEA

Believe it or not, Japanese green tea contains five times as much vitamin C as a lemon. It's also full of anti-ageing antioxidants and is good for your teeth and breath – what's not to like?

K – KALE

Kale is low in calorie, high in fibre and contains zero fat. It's also packed with magnesium, iron, folate, vitamin C and vitamin A, which benefits skin and sight, while helping to prevent certain cancers.

L – LUCUMA

A superfood that comes from Peru, lucuma is a fruit that's high in fibre and is a great anti-inflammatory. When added to smoothies, it adds sweetness and helps thicken.





M – MACKEREL

This oily fish is rich in vitamins and minerals and is full of omega 3 and omega 6, as well as fatty acids (of the good kind) that help maintain hormone balance and keep your skin hydrated. It's also said to guard against cancer, dementia and heart disease, so it's basically a must.

N – NATURAL

This one is simple, but big: eat non-processed foods, naturally produced from the land, sea and air. If it doesn't have an expiry date in the near future, that indicates it probably isn't natural.

O – OSTEOPATHY

Quite simply, correct alignment and posture is important – and undoubtedly becomes more important as you get older.

P – PUMPKIN

Those with American friends or relatives know all about pumpkin pie, but pumpkin can be enjoyed roasted, in a salad or even baked. The fresh is rich in fibre and vitamin K, while its teens are full of protein, magnesium and potassium.

Q – QUINOA

Quinoa is one of the most flexible foods around. A great alternative to carbohydrates, it has a high protein content and provides lots of calcium, magnesium and manganese, as well as several B vitamins, vitamin E and dietary fibre. Often found in salads, don't rule it out at any time of the day – Quinoa muesli is delicious.

R – RAW FOODS

Raw foods are a great way to take in easily digestible nutrients and certain essential food enzymes that are destroyed when the food is cooked. It adds plant-based food to your diet and can help the body fight chronic disease.

S – SHAKES

A shake adds vegetables, fruit and protein to your day – why not mix up a smoothie to have on the go?

T – TURKEY

Turkey is a lean protein: great for muscle repair and rich in the amino acid tryptophan, which may improve sleep. Eat turkey with carbohydrates to make the tryptophan more available to the brain – you'll sleep like a baby.

U – UMEBOSHI PLUMS

According to Japanese medicinal folklore, umeboshi plums are said to have remarkable medicinal qualities, and can also be used as a hangover remedy. Pop a couple of these down after a night out, and you'll be feeling fine in no time.

V – VINEGAR

Vinegar helps with indigestion, arthritis and age-related ailments such as cancer and heart disease. It's also purported to lower blood pressure and contains virtually no calories. Apple cider vinegar is supposed to be particularly beneficial.

W – WORK OUT

There's nothing new here – exercise has been proven to stave off depression and help with weight loss. Pick an exercise you like, so it feels like less of a chore and more like 'me' time.

X – XYLITOL

An excellent sugar substitute and the safest zero-calorie sweetener around, xylitol has none of the risk factors associated with artificial sweeteners. It also helps to re-mineralise teeth and is a favourite of dentists.

Y – YOGA

Yoga has many benefits: it helps you focus, breath and stretch. It also exchanges posture and gives that toned, lean look.

Z – ZUCCHINI

Otherwise known as 'courgette', zucchini is low in calories and high in vitamin C and potassium. It's also a good source of folate, which is essential during pregnancy.



Avoiding hidden dangers in retirement

Make sure you don't run out of money or face a reduced standard of living

INCREASINGLY, MORE AND MORE PENSIONERS ARE KEEPING MUCH OF THEIR PENSION INVESTED AFTER THEY RETIRE. THIS MEANS THEY'RE FACED WITH TWO VERY DIFFERENT RISKS WHEN DECIDING WHAT TO DO WITH THEIR SAVINGS IN RETIREMENT IN A WORLD OF 'PENSION FREEDOMS'. SINCE APRIL 2015, PEOPLE WHO REACH RETIREMENT HAVE HAD MUCH GREATER FLEXIBILITY OVER HOW THEY USE THEIR PENSION FUNDS TO PAY FOR THEIR LATER YEARS.



Concentrated exposure to a single, potentially volatile investment can produce very poor outcomes, particularly if bad returns come early in retirement.



A recent report^[1] identified that many savers in retirement are either taking 'too little' risk (the 'risk averse' retiree) or taking 'the wrong sort' of risk (the 'reckless' retiree). Each of these approaches increases the danger of a saver either running out of money during their retirement or having to face a reduced standard of living.

THE RISK-AVERSE RETIREE – HOW CAN YOU TAKE TOO LITTLE RISK?

An example of taking 'too little' risk is the saver who takes their tax-free cash at retirement and invests the rest in an ultra-low-risk investment such as a Cash ISA, believing this to be the safe approach. The report points out that 'investing in retirement is still long-term investing' and shows that decades of low-return saving can seriously damage the living standards of retirees.

It highlights the case of someone who retired ten years ago with an illustrative pension pot of £100,000 which they invested in cash. Assuming they withdrew money at £7,500 per year (in line with annuity rates at the time), they would now be down to £27,000 and likely to run out in around four years' time, less than fifteen years into retirement. By contrast, if the same money had been invested in UK shares, there would still be around £48,000 left in the pot, despite the 2008 stock market crash.

THE RECKLESS RETIREE – WHAT IS 'THE WRONG SORT' OF RISK?

In an era of low interest rates, some retired people may be tempted to seek out more unusual forms of investment with apparently high rates of return but accompanied by

much greater risk to their capital. Examples could include peer-to-peer lending, investment in aircraft leasing or even crypto currencies such as bitcoin.

Concentrated exposure to a single, potentially volatile investment can produce very poor outcomes, particularly if bad returns come early in retirement. The pension pot in the previous example would still have £88,000 in it if the bad year for UK shares had happened at the end of the ten-year period we looked at and not at the start.

THE RATIONAL RETIREE – WHAT IS THE BEST WAY TO HANDLE RISK IN RETIREMENT?

Rather than invest in an ultra-low-risk way or chase individual high-risk investments, the report identifies a 'third way' of spreading risk across a range of assets, including company shares, bonds and property, both at home and abroad. This multi-asset approach can be expected to provide better returns over retirement than cautious investing in cash but also helps to smooth the ups and downs of individual investments.

Pension freedoms open up new possibilities for people in retirement, but they create new dangers as well. There is the danger of being too cautious and not making your money work hard enough – investing in retirement is still long-term investing. There is also the danger of taking the wrong sort of risk, seeking high returns but putting your capital at risk. Spreading money across a range of asset classes and in different markets at home and abroad is likely to deliver better returns in retirement – and a more sustainable income – than remaining in cash, without exposing you

to the capital risks that can come from chasing after more exotic or risky types of investment.

These investments do not include the same security of capital which is afforded with a deposit account. You may get back less than the amount invested. ■

HELP TO ENSURE YOUR EXPECTATIONS ARE FULFILLED

By understanding your retirement plans, we are able to help ensure your expectations are fulfilled by establishing tailored plans to preserve your capital, produce income and pass on wealth securely and efficiently. If you would like to review your current planning provision, please contact us – we look forward to hearing from you.

Source data:

[1] Research report published 13 January 2018 by mutual insurer Royal London

THESE INVESTMENTS DO NOT INCLUDE THE SAME SECURITY OF CAPITAL WHICH IS AFFORDED WITH A DEPOSIT ACCOUNT. YOU MAY GET BACK LESS THAN THE AMOUNT INVESTED.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

Financial resilience

How prepared are you for any financial shocks?

OVER THREE MILLION WORKING COUPLES ARE CLASSED AS 'DOUBLE INCOME, NO OPTION' (DINOS), WHICH MEANS THEY ARE POTENTIALLY FINANCIALLY VULNERABLE IF ONE OF THE TWO LOSES THEIR EARNINGS.



The typical household today looks very different from the traditional image of a working family made up of one primary breadwinner and one homemaker. Instead, nowadays many households rely on two incomes to maintain their lifestyle, or even just to get by. Of the two thirds of Britons who are living as part of a couple, half (51%) are both currently working. Yet, without adequate savings or protection insurance, millions could be at risk financially if one of the main earners was unable to work for a period of time.

DEPENDENT ON TWO INCOMES

Research by LV= has found that there are 3.2 million working couples in Britain that would be classed as DINOs. This means they are dependent on two incomes to make ends meet, and would struggle to cope if they lost one of their incomes. The Money Advice Service (MAS) recommends the provision of 90 days' worth of outgoings in savings to protect against a financial shock.

The lack of savings may be down to people simply not being able to afford to put money aside. A quarter (27%) of working couples surveyed say their double wage isn't stretching as far as it did this time last year. However, not

having a back-up source of money leaves many couples at a high risk of financial difficulty if one person couldn't work for a period of time.

LEVEL OF FINANCIAL PRESSURE

The level of financial pressure is also clear in the numbers who anticipate they'll be working for many years to come. Of couples who both work, three in five (58%) wouldn't choose to work if they didn't have to, while over half (54%) say the same of their partner. Three in ten (30%) people in a working couple expect that both they and their partner will have to work until retirement to make ends meet, while one in five (21%) think both of them will actually need to work throughout retirement.

Millions of couples need both incomes to pay the bills, with a significant proportion saying they'd have to make major changes if they had to rely on one income. And the impact of losing an income is not just financial. Two in five (42%) people in a couple say that if one of them couldn't work, it would strain their relationship.

FEW HAVE INCOME PROTECTION

Despite the reliance so many households have on both incomes, worryingly few have income

protection, leaving them vulnerable if one member of the household was unable to work for a period of time. Three in five (59%) say that neither they nor their partner has any form of income protection.

If your household is reliant on two incomes to make ends meet, it's important to consider how you would survive financially and emotionally if you were forced to live off one income. With so many households now relying on two salaries to get by, it has never been more important for couples to protect their joint incomes.

HELP TO SUPPORT YOU FINANCIALLY

Income Protection (also known as 'IP insurance') is a form of insurance that helps support you financially if you have time off work and suffer a loss of earnings because of injury or illness. However, it is important to remember that Income Protection only covers you if you're unable to work due to illness or injury – it does not pay out if you are made redundant.

This type of insurance covers most illnesses that leave you unable to work. What that means, exactly, depends on your individual policy. For example, it may cover you if you are unable to work due to a stress-related illness or a serious heart condition. ■

MUCH-NEEDED BOOST TO YOUR FINANCIAL RESILIENCE

Income Protection is one way for people to equip themselves should they find themselves unable to work for a period of time. It can be an affordable and valuable safety net that can provide a much-needed boost to their financial resilience. If you have any concerns or would like to review your options, please contact us – we look forward to hearing from you.

Source data:

Research conducted by LV= published 17/1/2018

MOST INCOME PROTECTION PLANS HAVE NO CASH VALUE UNLESS A VALID CLAIM IS MADE.

Beware of the scammers

Fraudsters employ increasingly advanced psychological tactics to persuade victims to invest

AN ESTIMATED £1.2BN IS LOST TO INVESTMENT SCAMS EACH YEAR, WITH SHARE SALES, WINE INVESTMENTS, LAND BANKING AND CARBON CREDITS COMMONLY USED BY FRAUDSTERS TO TARGET POTENTIAL INVESTORS. A RECENT STUDY BY CITIZEN'S ADVICE FOUND NINE OUT OF TEN PEOPLE WOULD FAIL TO SPOT COMMON WARNING SIGNS OF A PENSION SCAM, SUCH AS UNUSUALLY HIGH INVESTMENT RETURNS, COLD CALLING AND OFFERS OF FREE FINANCIAL ADVICE.

It's very important to remain vigilant when you are looking to access the money you have invested. Last year, victims of investment fraud lost on average £32,000 as fraudsters employed increasingly advanced psychological tactics to persuade victims to invest.

SO WHAT IS AN INVESTMENT SCAM?

Investment scams are a form of fraud where there is a high risk that you could lose some, or all, of your money. Often, the investment opportunities that scammers offer don't really exist – or don't have the rewards being promised. Scammers can appear professional and trustworthy, so even experienced investors may fall victim to these schemes.

HOW TO SPOT AN INVESTMENT SCAM

Scammers are always changing their tactics, so the following are some of the red flags that could help you to spot an investment scam:

Be vigilant – if a phone call or voicemail, email, or text message asks you to make a payment, log in to an online account or offers you a deal, be extremely cautious. Financial institutions, banks and online retailers never email you for passwords or any other sensitive information by requesting that you click on a link and visit a website. If you get a call from someone who claims to be from your bank, don't give away any personal details.

Scammers often use very convincing tactics to get you to sign up. Beware of anyone trying to pressurise you into making a decision.

Scammers will make an investment sound very appealing and will often suggest that it's less risky than it is.

Offers made by scammers often sound too good to be true. For example, you might be

offered better interest rates or returns than you've seen elsewhere.

Scammers are persistent and will often try to form a relationship with you in an effort to build your trust. Beware of anyone who calls you repeatedly and/or anyone who tries to keep you on the phone for long periods of time.

You might be told that you're receiving a very special and/or limited offer.

You might be told not to tell anyone about the offer you've been given. But talking with trusted friends and family about any investment offer you've been given could help you spot a scam.

Fraudsters are known to target previous victims of investment fraud, claiming that they can recover lost money. You might be asked to pay an upfront fee, but these companies will not get back your money.

Some companies that run scams base themselves overseas in order to avoid regulatory requirements. Be cautious if a company that is based overseas contacts you with investment opportunities.

HOW TO PROTECT YOURSELF FROM INVESTMENT SCAMS

Get to know the red flags above that could suggest a scam. The Financial Conduct Authority ScamSmart website offers helpful support about what you can do to spot investment fraud.

More information about pension scams can be found at www.pension-scams.com – check out the leaflet there.

Make sure that the company or financial adviser you're dealing with is authorised by the UK Regulator – the Financial Conduct Authority (FCA). You can check their Financial Services Register and get more information on unauthorised firms overseas.

The FCA also have a warning list that you can check to help stay 'scam smart' before you go ahead with any investment.

Reject any cold calls that you receive, and please don't give out any personal or financial information until you are sure you are dealing with a reputable company.

Useful information to help protect you from scammers can be found on The Pensions Regulator website.

You can report fraud and cyber crime via ActionFraud, the UK's national fraud and cyber crime reporting centre. Keep up to date with the latest scams and fraud warnings with useful advice at Age UK. ■

Remember to trust your instincts. If you think the offer sounds too good to be true, it probably is!



Reach your financial goals

Helping you realise your retirement vision

WE'VE NOW ENTERED A NEW AGE OF RETIREMENT PLANNING WITH THE INTRODUCTION OF PENSION FREEDOMS. BUT BRITAIN HAS AN AGEING POPULATION, HIGHLIGHTED BY THE FACT THAT THE NUMBER OF TELEGRAMS SENT BY THE BRITISH MONARCH TO 100-YEAR-OLDS HAS RISEN FROM 24 IN 1917 TO NEARLY 7,000 TODAY.

It is projected that the number of centenarians – people who live to 100 years old and beyond – will continue to rise by more than tenfold over the next 30 years (when the NHS will also celebrate its 100th birthday). This growth is due to the higher birth rate between the First and Second World Wars, and dramatic improvements in health and healthcare.

Thinking about pensions sooner rather than later can mean the difference between a comfortable retirement and struggling to make ends meet. Unfortunately, some people put off retirement planning when they are young because they think they've got time on their side. However, the earlier you start saving for your future, the bigger the pension pot you'll end up with when you're older.

7 PENSION TIPS FOR NURTURING YOUR NEST EGG IN 2018

Research shows we're more likely to achieve our financial goals if we write them down and start with a clear plan of action. Work out what financial goals you want to achieve, then break them down into realistic steps that will lead you there. We've provided seven pension tips for you to consider to keep your retirement plans on track.

1. Consider consolidating your pension pots – while it might be hard to keep track of pensions with job changes, the Government offers a free Pension Tracing Service. Bringing your pension pots together may help you manage them, but take care to understand the benefits associated with the existing contract, along with any potential risks/disadvantages of transferring the

funds – and always seek professional financial advice to see if it's suitable for you.

2. Make use of your tax reliefs on pension contributions – when you are able to do this, particularly at higher rates, this can be beneficial. The Government may well revisit pension tax relief post-Brexit to help 'balance the books'.

3. Maximise your workplace pension contributions – if your employer pays a contribution that is linked to your contribution, see if it's affordable for you to pay the maximum in order to receive your employer's maximum.

4. Invest for the long term – there have been various moments of uncertainty in the markets – think back to the 'crash' of 1987, which now looks like a blip. Keep an open mind, and don't panic or have a knee-jerk reaction. You must remember that when investing in the stock markets, it is inevitable that there will be times of volatility when you need to weather the storm.

5. Review your State Pension entitlement – given so many changes, it is worth keeping your finger on the pulse and looking at what you may need to do to top up to the maximum entitlement available.

6. Review your expected expenditure in retirement – it's key that you clearly establish 'essential' and 'discretionary' spending, so that in poor market conditions you can always look to reduce income from pension funds if necessary to cut back on discretionary expenditure that can wait for another day.

7. Ensure your income in retirement is set up as tax-efficiently as possible – making full use of all available tax allowances/exemptions is crucial. Don't forget to look at how different tax wrappers can work for you. ■

WHAT DOES RETIREMENT MEAN TO YOU?

From stopping work altogether to a slow and gradual reduction of commitments, retirement means different things to different people. Making sure you can sustain the level of income you need as you move away from full-time employment or your business interests is key to a long and happy retirement. To discuss your requirements, please contact us.

Source data:

Investor Pulse Survey – BlackRock's Global Investor Pulse Survey examines investing attitudes and behaviours across the world. The 2017 survey included 28,000 respondents in 18 countries. The UK sample included 4,000 respondents between the ages of 25 and 74. Survey conducted in Q1 2017.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

Countdown to retirement

Matching the living standards of those who have already retired

RETIREMENT CAN MEAN DIFFERENT THINGS TO DIFFERENT PEOPLE.

UNDERSTANDING HOW MUCH IT WILL TAKE TO PROVIDE AN INCOME FOR YOURSELF AND POTENTIALLY A SPOUSE, WHILE ALSO ENSURING YOU ARE ABLE TO LEAVE SOMETHING BEHIND FOR YOUR LOVED ONES AFTER YOUR DEATH, IS ESSENTIAL.



NUMBER OF FACTORS

This will ultimately depend on a number of factors: primarily how much income you think you will need over the course of your retirement (one which is likely to be much longer than previous generations), and when you want to start winding down your professional life.

However, many pension savers in their final years of work are concerned that they won't be able to match the living standards of those who have already retired, according to research from Prudential^[1], with 54% believing they'll be worse off when their time comes to give up work.

OWN WORKING LIFE

Nearly two thirds (63%)^[2] say the best advice they could give to those who have just started work for the first time is to save as much as they can for as long as they can, and one in three (34%) now regret that they didn't start saving into a pension earlier in their own working life. Meanwhile, 33% simply wish they had saved more for their retirement.

But it's not all gloom for those on the countdown to retirement – two in five (40%)

believe they will be as financially comfortable as those who are already retired, while 6% believe they will actually be better off.

QUALITY OF LIFE

It's important to remember that for most people, it isn't too late to take action and make a real difference to their quality of life when the time comes to stop work. So even later in their working life, most people should benefit from saving as much as possible into their pensions, and also ensuring the National Insurance contributions they have made are sufficient to guarantee them the State Pension.

The research also found that more than a quarter (27%) of those who are within ten years of retirement have been saving into a pension since they started work. However, one in eight (16%) admit they are not saving into a pension at all, even this close to retirement. Meanwhile, one in nine (13%) admit to having been unrealistic about the age at which they will be able to afford to retire. ■

RETIREMENT PLANNING IS A PROCESS, NOT JUST A ONE-OFF EVENT

Pension saving and retirement planning has changed massively over the past decade. Retirement planning should be viewed as a process and not just a one-off event. Obtaining professional financial advice is essential to make the right decisions about saving while you're working and then eventually taking an income as you start to wind down. Want to find out more? Please contact us.

Source data:

[1] Consumer Intelligence conducted an independent online survey for Prudential between 26 May and 5 June 2017 among 744 UK adults who are up to ten years away from retirement.

[2] Research conducted by CanvaseOpinion from Experian for Prudential between 28 September 2007 and 25 October 2007. More than 4,000 people were questioned, with 464 people out of that sample retiring in 2008. In the following years (2008 to 2016), Research Plus conducted independent research on behalf of Prudential each November among at least 10,000 non-retired adults in the UK, including at least 1,000 planning to retire in the following year.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

'Miss List'

With retirement in your sights, what do you think you'll miss?

SPENDING TIME WITH FAMILY, EASILY HAVING A SHOWER OR BATH AND DRIVING A CAR ARE THE TOP DAY-TO-DAY MOMENTS THAT MOST PEOPLE WOULD MISS IF THEY COULD NO LONGER DO THEM. HOWEVER, SEVEN IN TEN (69%) PEOPLE – OVER 36 MILLION^[1] PEOPLE – FAIL TO ASSOCIATE GOOD HEALTH WITH BEING ABLE TO DO ACTIVITIES LIKE THESE, ACCORDING TO RESEARCH RELEASED BY BUPA HEALTH CLINICS WHICH SURVEYED OVER 4,000 PEOPLE ACROSS THE UK.

Other pursuits which made the 'Miss List' include eating out, sport and exercising, and cooking. However, the role health plays in enjoying these everyday things and achieving goals in life is taken for granted by many adults.

GOOD SOCIAL CIRCLE

Two fifths, or 20 million people^[2], have never considered how good health helps them achieve their ambitions in life. Meanwhile, almost half (49%) have never considered the impact that being fit and well has on professional success; 44% overlook the role health has in maintaining a good social circle; and over a quarter (27%) don't think about it in relation to simply feeling confident and being independent (27%).

APPRECIATE LIFE MORE

Despite the findings, 91% of people admit they've had an experience which has made them reassess and appreciate life more. Top moments which sparked a new sense of gratitude are having a health issue^[3] (44%), losing someone close (42%), becoming a parent (30%), witnessing world events on the news (23%) and getting married (22%). And yet results also found that two thirds of Britons admit they take their health for granted. Additionally, four in five think they could appreciate their daily moments like walking the dog or taking part in sport more

– activities that may seem mundane, but which we'd miss if we could no longer do them.

TOP 10 EVERYDAY MOMENTS PEOPLE WOULD MISS IF THEY COULD NO LONGER DO THEM

- Socialising (56%)
- Showering and bathing comfortably (55%)
- Driving (43%)
- Eating and drinking in a restaurant (34%)
- Sport and exercise (27%)
- Playing with kids (26%)
- Cooking (23%)
- Entertaining friends and family (22%)
- Working (16%)
- Food shopping (15%)

MAINTAINING POSITIVE WELL-BEING

Small things can make a real difference to our well-being. Whether it's building time into the day to get out for a walk or spending time connecting with friends and family, maintaining positive well-being can help us live the lives we want to.

We all have mental health as well as physical health, and each can fluctuate over time. The two are closely linked, and changes in our physical health (such as a long-term illness) can impact on our mental health. Equally, mental health problems (such as depression or anxiety) can also affect our physical health, so it is important

that we look after both to maintain our overall well-being. ■

TAKING CARE OF THE LITTLE THINGS

Being more aware of the great things health allows us to do means we're more likely to take care of the little things. Whether it's an injury that needs a physio's once over, an annoying cough that won't go away or a health concern that is keeping us awake with worry, these are all things that can, mostly temporarily, stop you enjoying the everyday activities if ignored.

Source data:

[1] 36,468,015.2 adults.

[2] 40% of UK adults.

[3] A health issue is defined as anything from an injury like a twisted ankle to more serious illnesses that need long-term medical treatment. The research surveyed 4,062 people over the age of 16 and was commissioned by Bupa Health Clinics and carried out by Censuwide in June 2017.



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