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Retirement matters

Will you have enough funds to cover your desired lifestyle after you stop working?

Pensions may not be the most exciting thing to think about, but they are an essential part of planning for your long-term future. In fact, your pension has the potential to be one of your most valuable assets, even more than your property. It's something that could make a significant difference to your lifestyle in later life.

When it comes to retirement planning, it's best to start thinking ahead at least two years before you plan to stop working. To prepare for this next chapter in your life, our handy checklist can guide you through the important choices you'll need to make to ensure you're fully prepared for a comfortable retirement.

UNIQUE CHALLENGES

Although retirement planning may seem familiar and straightforward, the truth is that today's savers face unique challenges that previous generations did not encounter. While the basic concept of working, saving and retiring remains constant, there are new factors at play that can complicate one's retirement savings efforts.

Planning for your retirement means carefully considering whether you will have enough funds to cover your desired lifestyle after you stop working. While you might be eligible for the State Pension, this might not be enough to sustain your retirement goals.

ADDITIONAL SAVINGS

Additionally, you may want to retire earlier than the State Pension age, which requires additional savings planning to ensure you can afford the retirement lifestyle you envisioned. Careful planning and forward-thinking can ensure that you'll have the financial security to enjoy your retirement without worrying about money matters.

Important things to keep in mind as your retirement approaches:

Locate your pensions: It's crucial to determine how much income you'll receive from all your pensions to properly plan your retirement. If you've misplaced any pensions over the years, you can use the UK Government's pension tracking service to locate them.

Check your pension's value: Keep track of your pension's value regularly as retirement nears, ensuring that you're aware of how much money you'll have during your retirement phase.

When you can take your pension: With a

defined contribution pension, you can start taking money out from the age of 55, moving to 57 in 2028. However, it's important to keep in mind that the earlier you start taking money out, the longer your pension will need to last. For those with a defined benefit pension, you can usually begin taking it from the age of 60 or 65. However, if you have a defined benefit pension, you might be able to start receiving an income from it from the age of 55. You may be able to take money out before this if you're retiring early because of ill health.

Get a State Pension forecast: While it may not be your primary retirement income, it's worth checking to ensure that you qualify for the full amount. You can quickly do this online through the government's website.

Determine the worth of your other

investments: If you have additional investments or savings, such as Individual Savings Accounts (ISAs), it's important to check their worth as you approach your retirement age because they could supplement your pension.

Understand how to access your pension:

There are various ways to access your pension, including buying an annuity for guaranteed income, taking lump sums, or combining both. Your decision depends on your circumstances and what outcomes you expect.

Review your pension's investment strategy:

Take the time to analyse your investment approach as you approach your targeted retirement age and see if it still adheres to your risk tolerance. You could discuss potential strategies to reduce your exposure to higher risk investments over time with your financial advisor if you're planning to receive a lump sum or purchase an annuity.

Seek professional financial advice: Accessing your pension is a critical decision that could impact your income and retirement significantly. That's why it's essential to seek professional financial advice before making any decisions. ■

HAVE YOU IDENTIFIED YOUR RETIREMENT GOALS AND DO YOU UNDERSTAND YOUR INCOME NEEDS?

Planning for retirement is not just about saving money. It's also about envisioning your future and understanding your lifestyle priorities. By identifying your retirement goals and understanding your income needs, we can help you create a retirement plan that provides for your desired lifestyle and ensures your long-term financial stability. Don't leave it to chance. Please contact us for more information.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.