



THE ROAD TO RETIREMENT

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start planning

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INTRODUCTION

When you're five or ten years from retirement age, finishing work and starting a new chapter in your life can feel like a long way off. You might still be in work, you could be single, starting a second family, or even embarking on a new role as a grandparent. These days, there is no one-size-fits-all when it comes to growing older.

It doesn't matter what you're doing in your life at the moment, starting to think about your retirement well in advance is always a great idea. By thinking ahead, you've got the best possible chance of achieving the lifestyle you want when you finish work. This brochure is designed to help you do just that. We'll help you find the right road to retirement – avoiding any surprises along the way, and helping you feel more in control as you go. And remember, if you're ever unsure about what's best for you, talk to a financial adviser.



PICTURE YOUR IDEAL RETIREMENT

The first step in planning your retirement is to think about what you'd like your lifestyle to look like – how do you want to spend your days, and what would you like to do in your spare time?

ASK YOURSELF

HOW WOULD I LIKE TO SPEND MY TIME?

- Are there any hobbies I'd like to take up?
- Do I have any big ambitions I'd like to fulfil – like finally writing that book or taking that round the world trip?
- Do I want to work part time or volunteer?
- How will I make sure I feel good about myself?
- How will I stay connected to my friends and social circle?

WHAT YOU CAN DO TODAY

Don't put off thinking about what you want your retirement to be like – start planning now, even if it's just making a few notes.

Did you
know



If you're a man, you can expect to live for another 18.4 years after the UK retirement age of 65. And if you're a woman, you'll enjoy another 20.9 years. * Retirement is just the start of a whole new phase of life – one where your time is completely yours.



A happy retirement includes spending 468 hours a year on hobbies and 21 days a year on holidays.**

Worth
thinking
about



Staying connected to friends is important – two-fifths*** of retired people say their TV is their main form of company. And one-third say they feel undervalued by society.****

THINK ABOUT THE PEOPLE YOU LOVE

As you head towards retirement, it's important to think about the people you love – your retirement could have an impact on their lives too. And even though it might be difficult, it's sensible to talk about how the people who rely on you will support themselves when you're no longer around to help.

ASK YOURSELF

HOW WILL MY RETIREMENT AFFECT MY LOVED ONES?

- Do my partner and I have similar hopes and dreams for our retirement years?
- How can we make sure we'll both be able to do the things we want to do?
- How will my loved ones feel about having me around more?
- How will they cope with the changes to my lifestyle and income?

WILL I BE ABLE TO LOOK AFTER MY LOVED ONES WHEN I'M RETIRED?

- Does my partner have enough retirement savings of their own?
- Do I have children who might need my financial help?
- Does my partner have a health condition that I'll need to spend some of my savings on?

WHAT WILL I LEAVE BEHIND?

- Will I be able to leave an inheritance? If so, who will I leave it to?
- Is my will up to date?
- Should I make plans to fund my funeral?
- How will I make sure my dependants are financially secure when I'm no longer around?

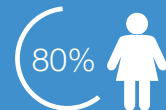
WHAT YOU CAN DO TODAY

Talk to your family and friends about the things that could change after you retire.





Did you know



80% of women live longer than their partners.*



One in five pensioners are expected to rely on their children to make ends meet when they retire.**

Worth thinking about



30% of the people who bought an annuity in 2013 made no allowance for their partner. ***

DECIDE WHERE YOU'D LIKE TO LIVE

When you retire, you'll probably be spending a bit more time at home. So where you choose to live is an important choice – one that's worth thinking about ahead of time.

ASK YOURSELF

DO I WANT TO STAY IN MY CURRENT HOME?

- Is the home I have at the moment too big or too small for my retirement?
- Do I have a family home that holds lots of special memories? Would I find it easy to move on from it?
- Would I be emotionally prepared for a house move?

IS IT TIME TO SELL UP?

- Not having to travel to work every day gives more choice about where to live – so is it time to move to somewhere new altogether?
- Do I want to release some of the cash tied up in my home by selling or downsizing?

DO I WANT TO RENT INSTEAD?

- Do I want to sell my home and rent a different property?
- If I did this, would it free up some money to live out my dreams?
- Would I be prepared for the potential uncertainty that comes with renting – like a landlord selling up or increasing the rent?

DO THE PLACES I MIGHT WANT TO LIVE HAVE THE FACILITIES I'LL NEED WHEN I'M RETIRED?

- Are there good transport links, good medical care and lots of things to keep me occupied?
- Am I the right distance from my family and friends?

WHAT YOU CAN DO TODAY

Think carefully about what a good home during retirement would be for you. If you need to, start looking around for somewhere that's suitable.

Did you know



Craven, North Yorkshire was voted the best place for pensioners to live in 2012. It had low crime rates, good house prices, great transport links and a neighbourly spirit.*



The top five places to live abroad are Malta, Portugal, Spain, Barbados and the US.**

Worth thinking about



If you choose to relocate or downsize, it will cost you an average of £12,000 to move.***

LOOKING AFTER YOUR HEALTH

We're all living longer. That's great – but it means it's more important than ever to stay healthy and keep yourself active for longer. It also means it's a good idea to start planning for good, long-term healthcare. And remember, the older you get, the more you should look after yourself mentally too. Try keeping your mind active – reading, puzzles and games could all play a part.

ASK YOURSELF

- Are there any health conditions that run in the family? Could they affect me, and is there anything I can do about this?
- Do I need private health insurance and what might this cost?
- Could I change my lifestyle so that I'll be less likely to need healthcare later on?
- Would moving give me a healthier lifestyle?
- Do I want to have an active or relaxed lifestyle while I'm retired?
- Would joining a gym or health club be right for me?

WHAT YOU CAN DO TODAY

Consider getting a health check, and taking a good look at your current health habits. Is there anything you could start improving straight away?

Did you
know



In the last three decades, life expectancy has increased annually by 1.2% for men and 0.75% for women*.



On average, people with a retirement income of £25,000 to £30,000 live for a year and a half longer than those with an income of £10,000 to £15,000.**

Worth
thinking
about



The average cost of residential care is £28,500 per year. This goes up to £37,500 a year with nursing care, and costs can vary hugely in different places.***

*Public Health England 2015 (the Guardian) ** Equiniti 2015

***Laing & Buisson Care of Older People, UK Market Report 2013/14

DECIDE WHEN YOU WANT TO RETIRE

Most people aim for their state or scheme pension age as their retirement date. You can check your state pension age at www.gov.uk. But, if you want to, you can start using your pension savings once you're 55. If you're thinking about doing this, there are some important things to consider.

ASK YOURSELF

WILL I HAVE ENOUGH MONEY TO LIVE ON IF I RETIRE EARLY?

- Will retiring early affect the amount of state pension I'll get?
- Will I have enough other savings to live on until I get my state or scheme pension? Could these savings last me until state pension age?
- If I take my pension earlier, will my scheme charge me a penalty for early withdrawal?
- Could I use some of my pension savings to create a 'bridging' pension, and replace any shortfall in income until I can take my state pension?

It's worth bearing in mind that only a good 'nest egg' of savings will give you the luxury of being able to retire when you want to.

DO I WANT TO CARRY ON WORKING FOR A WHILE?

- I enjoy what I do and I'm still capable of doing it – do I want to keep working?
- Would I prefer to reduce my working hours instead of stopping completely?
- Do I want to try something completely new and set up my own business?

WHEN SHOULD I START TAKING MY PENSION BENEFITS?

- Do I really need to start taking my pension straight away?
- If I wait to start taking my pension, will this give me more income later on?
- Would it help me to start taking from my state pension later?

There's no set age for retiring, and these days employers can't discriminate based on age. However, some employers can set a compulsory retirement age if they've got a good reason to do so.

WHAT YOU CAN DO TODAY

Start thinking about when you'd like to retire. Then, look at whether you've got the financial plans in place to achieve that.





Did you know



Two-thirds of people work beyond their state pension age, with many just reducing their hours instead of retiring completely.*

32% of people working beyond the state pension age are self employed.**

Worth thinking about



Keeping your brain active is important – people who stop work at 65 are around 15% less likely to suffer from dementia than those who stop work at 60.***

CONSIDER TAKING TAX-FREE CASH

Even though you're not retiring just yet, it's worth remembering that you could take a tax-free cash lump sum from your personal or workplace pension once you reach 55. You could use it pay off your debts, treat yourself to a luxury purchase, or just enjoy doing things you might not have been able to afford in the past. Taking tax-free cash could change the way you save in the short term – but it's worth considering how that could affect the amount of money you'll have to live on in the long term.

ASK YOURSELF

WILL I NEED TAX-FREE CASH?

- Do I want to make a big purchase in the future – like a new car, holiday or house?
- Are there any debts I need to pay off?

WHAT'S MORE IMPORTANT – A LUMP SUM IN THE NEAR FUTURE, OR SAVING FOR A RAINY DAY?

- Am I confident I'll have a secure income for retirement if I take a lump sum?
- When I retire, will I regret not having 'lived for the moment' and used that lump sum for something I really wanted?
- What would I do in the face of unexpected life changes or financial disasters?
- How much contingency money might I need?

WHAT YOU CAN DO TODAY

Think about the balance between how much cash you need in the short term, and how much income you'll need during your retirement.

Did you
know



21%



16%



13%



12%

Of the people planning to take tax-free cash out of their pension, 21% of people plan to spend it on a holiday, 16% to reinvest in property, 13% to pay off debts and 12% to carry out DIY.*



22%** of people taking tax-free cash from their pension are planning to use it to help their family – either by putting money towards a house deposit or paying for education.

LOOK CLOSELY AT YOUR ASSETS

An asset is something you own that has economic value, and that could benefit you financially in the future. Assets are things like pensions, other investments like stocks and shares, cash savings, land, property, vehicles – even jewellery or artwork. If you have assets, you could use some of them in order to support yourself in retirement. For instance, you could cash in stocks and shares, withdraw cash savings, or sell property.

ASK YOURSELF

WHAT WILL MY STATE PENSION PAY BE?

You can check how much state pension you've built up at www.gov.uk.

DO I HAVE ANY OTHER PENSIONS?

Think back to all the jobs you've had over your lifetime. Did you pay into any pension schemes as part of these? Might you have forgotten about them? Make an effort to find out exactly how many pension schemes you've paid into. Once you have a clear picture you can:

- Get valuations from each of your pension schemes
- Make sure your details are up to date everywhere so that you hear about any changes
- Check what age you can start drawing each one from without being penalised.

WHAT OTHER ASSETS CAN I PUT TOWARDS MY RETIREMENT?

Pensions are just one way of funding your retirement. Here's how to get a clear picture of what else you have:

- Make a list of all your assets, especially ones that you could realistically use to pay for your retirement – for instance, only include your house here if you have plans to move.
- Think about any other windfalls you can expect – work bonuses, profits from selling a business or maybe an inheritance.
- Then balance your assets against any debts you have, including your mortgages. What do you have left over?

WHAT PENSION SAVINGS, ASSETS AND DEBTS DOES MY PARTNER HAVE?

If you have a partner, you may want to pool together your assets for your retirement years.

WHAT YOU CAN DO TODAY

Start by getting valuations on your pension schemes, as well as identifying any valuable assets.

Did you
know



The state pension is moving to a flat rate of £151.25 a week from 6 April 2016.



There are billions of pounds sitting in 'forgotten' pensions where policy holders can't be traced.



Property can give you a retirement income, either through rental income, equity release or by freeing up cash through downsizing or moving to a different area.

Worth
thinking
about 

30% of the people who bought an annuity in 2013 made no allowance for their partner. ***

WORK OUT WHETHER YOU HAVE A SHORTFALL

For most people, successful retirement planning involves working out whether they have a shortfall. This means looking at how much money you'd need for your ideal retirement, how much money you might have, and then working out the difference between the two. The figure you're left with is your shortfall. Not everyone has a shortfall, but a lot of people do. You can work yours out in four simple steps.

STEP 1: WORK OUT YOUR CURRENT OUTGOINGS

Most people underestimate how much income they'll need when they retire. To get a realistic idea of how much you might need, start by working out how much you spend at the moment. Look over your bank statements and try to group your outgoings into these four categories:

1. Essentials – the bare minimum for living: things like food, utilities, housing and transport
2. Important – the things you need for a happy life: things like eating out, hobbies, travel and spending time with family and friends
3. Nice to have – things like luxury cars, expensive holidays and significant gifts to your family
4. Things you won't need to think about once you retire – outgoings you can hopefully cut, such as pension contributions, other regular savings, travel costs to and from work

Work out how much money you spend in each of these categories. Then, add these figures up to work out your current outgoings.

STEP 2: WORK OUT YOUR RETIREMENT OUTGOINGS

Think about your plans for retirement. Will they change how much money you spend in the four categories above? For instance, you might spend more on important things like holidays and visiting family, but less on travel to work and pension contributions.

Make a note of your new figures in each category, then add them up. The figure you're left with is your retirement outgoings.

STEP 3: WORK OUT YOUR RETIREMENT INCOME

Look at how much money you think you'll have once you've retired – this could include your state pension, any workplace or private pensions, as well as money you'll get from the assets you've identified. Add all of these up. The figure you're left with is your retirement income.

STEP 4: CALCULATE THE SHORTFALL

STEP 3 FIGURE – STEP 2 FIGURE = POTENTIAL SHORTFALL

Minus your retirement outgoings from your retirement income. If you're left with you a figure that's negative, then you have a shortfall. How much money do you need to fill the gap?





Did you
know



There are lots of free online tools and apps to help you review your spending patterns for example:
www.moneyadvice.service.org.uk

WHAT YOU CAN DO TODAY

Work out whether you have a shortfall. It's quite straightforward, and shouldn't take you too long. Remember though, it's only an estimate – one that might change by the time you retire.

FIND WAYS TO TACKLE A SHORTFALL

Lots of people have some shortfall between what they'd like to have when they retire, and what they'll actually end up with. The good news is that – if you do have a shortfall – there are things you can start doing right now that could help you reduce it.

MAKE THE MOST OF YOUR STATE PENSION

If you aren't eligible for the maximum state pension, think about paying more National Insurance contributions so that you will be.

PAY MORE INTO YOUR PENSION SCHEME

Can you afford to increase your pension contributions? If you're in a scheme where your contributions will be matched by your employer, it's worth making the most of.

SPEND LESS, SAVE MORE

Try to cut your spending to something closer to what you predict for your retirement. This might mean you can put away more into savings. And it'll help you get ready for a smooth transition into retirement at the same time.

BE SMART WITH YOUR INVESTMENTS

As you head towards retirement, it's wise to reduce the risk you take with your investments. This means they're less likely to drop in value just before you need to cash them in.

MAKE SURE YOU'RE GETTING THE MOST FROM YOUR SAVINGS

Look at any other savings you have and make sure they're working hard for you. You may want to get specialist help from a financial adviser for this.

RETIRE SLIGHTLY LATER

Waiting to retire gives you more time to save – and less time to spend what you've built up.

WHAT YOU CAN DO TODAY

Think about the ways you can tackle any shortfall, and pick the ones that are right for you. The quicker you take steps to be smarter with your money, the sooner you can enjoy the retirement you want.



STILL SHORT? GET CREATIVE

If you're still struggling to find enough money for your retirement, consider these options:

THINK AGAIN ABOUT WHAT YOUR RETIREMENT COULD LOOK LIKE

Think long and hard about what you actually need to enjoy your retirement. Are there some things in the 'nice to have' column that you could put to one side? Look again at your goals, ideal hobbies, where you want to live and the needs of your loved ones.

WORK FOR LONGER

If you don't have enough put away to retire completely, you could work for longer, or work part-time and carry on saving.

Many people find that 'phasing out' their work more gradually gives them more freedom, without completely losing the satisfaction or routine of working. It also means that employers can hold on to your experience and expertise for longer. On top of that, you get to enjoy free time, whilst still bringing in an income.

THINK OF OTHER WAYS TO MAKE MONEY

Could you increase your income and save more? For example, do you have a second home or a spare room you could let? Could you use your skills to earn money from a different job?

WHAT YOU CAN DO TODAY

Think creatively about what you want from retirement and how you can get there. Everyone is different, and there are many, many different ways of working, living and retiring. You need to find the one that works for you. Take some time out to re-evaluate your objectives, and start putting together a new plan – you can always get financial advice if you need it.

JLT Employee Benefits
The St Botolph Building
138 Houndsditch
London EC3A 7AW
www.jiteb.com

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