

4 STEP RETIREMENT GUIDE

FOR PLANNING YOUR OWN RETIREMENT

RETIREMENT PLANNING



Retirement planning is more than just savings, it is also about producing an income to provide the lifestyle you wish to live in retirement.

Surprisingly a large percentage of people are not taking any steps to prepare for a financially secure retirement which can be devastating when they come to retire. With healthcare continuing to improve, people are now living over 20 years in retirement which means you need an income source to fund it. Unfortunately in most cases, the state pension is not enough to provide the lifestyle people desire, especially in the early years of retirement.



Many people leave their retirement plans to the last minute, it is the human psyche, we struggle with the concept of planning 20, 30, 40 years ahead of us.

However, the majority of people have aspirations to retire from work one day so by planning earlier on in life you will improve your chances of being able to retire at your chosen retirement age as well as achieve your retirement goals and aspirations.



I have experienced many people who have failed to plan for retirement and they are often devastated when they reach their planned retirement age as they do not have the resources they need to live the retirement they want. By following these simple 4 steps you can get your financial future back on track to achieve your retirement goals.

1

ENVISION YOUR RETIREMENT

To ensure you reach your desired destinations and achieve success in retirement, you need to decide what this looks like for you.



Begin by imagining what your ideal retirement looks like by setting out some well thought out goals and aspirations that you want to achieve. Creating a mental image of your desired outcome of life is used by most successful professional athletes and business entrepreneurs.



Although not everything always goes to plan in life, it is still important to set out a solid financial plan outlining how you can achieve your retirement goals. People who have a financial plan in place are far more likely to achieve their financial goals and aspirations.



A few questions to ask yourself;

How much can you start saving for retirement?



What age would you like to retire?

How much money will you need in retirement?

What does your retirement look like to you?

All retirement plans begin with setting goals and envisioning your desired future. Remember you only get one shot at retirement so it is essential you get it right the first time. It's important to realise that your money and investments must serve your life and not the other way round.

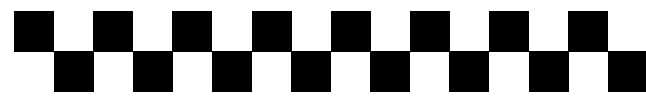
2

REVIEW YOUR CURRENT SITUATION

Once you have decided on what your desired financial future looks like, you need to look at where you are today and how to get to where you want to be in the future. This way, you can discover where the start line is for your journey.



You will need to decide how much you can safely save in order to help fund your retirement. You will need to have an idea of what age you would like to retire and how much you will need to fund your retirement. It is also essential that you have an investment solution in place suited to your risk profile. Saving money in your bank account is unlikely to reach your retirement goals as you only get minimal interest on your savings.



When you are at a younger age you can benefit from being able to take more risks with your pension and investments. As you approach retirement, you can look to start reducing your risk in order to protect the assets you have built up from any large drops in the markets.



Many people hit their peak earning years in their 50's and early 60's. But starting your retirement plans that late often ends up in disaster. You need to start your financial plan early on in life to give yourself a better chance of achieving your desired retirement.



Once you have your financial plan in place you need to keep it under review to make sure you stay on track to meet your retirement goals. Your financial plan is essential as it will help you plan better for your retirement by encouraging you to regularly save money for it. It will also help you set out and keep track of your investment strategy.

A couple of important questions to ask yourself; Are you investing in the right funds? Are you investing tax efficiently? Are you saving enough into your pension and investments? Are you managing your debt? Are you managing your expenses? Your answers might mean that you are not on track to meet your retirement goals. It is important to be strict with it in order to achieve the right results.



3 CALCULATE YOUR RETIREMENT NEEDS

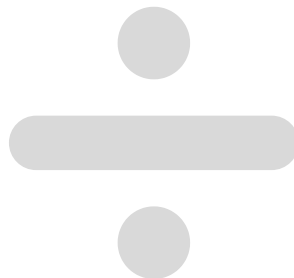
At this stage, you will have an idea of where you sit financially now and where you want to head financially in the future. This will allow you to start working out your ideal retirement income.

Once you have found your number which is the amount of money you need to retire on, then you will have to work out whether this is achievable.

Your desired lifestyle in retirement may require you to retire on 80% - 100% of your pre-retirement earnings especially in the early years of retirement. You will need to make sure that you have enough resources to provide for this.



As you progress through life you need to know whether you are on track for your retirement or if you need to make some further alterations to improve your situation, this is a vital step in financial planning.



4

REVIEW YOUR INCOME SOURCES

Now that you have discovered your income requirements in retirement, you are now able to work out whether you will have a sufficient retirement income stream to provide this.



If you have recognised that you need for example; £45,000 per year in retirement in order for your goals to become achievable, firstly you need to see whether it is possible to generate this income. If not you will need to make changes



It is important that you keep track and review all of your sources of income such as; pensions, investments, savings, state pension, and any property portfolio you may have.



You will need to determine how to turn your pension and investment savings into an income and figure out how much income your investments can provide in retirement without running out to early.



A good, proven rule for savings has been the 4 percent safe withdrawal rate, although this isn't for everyone.



This rule states that a 50% stock and 50% bond investment portfolio combination could potentially generate 4% of accessible savings each year. When altered for inflation, this would last for 30 years prior to the retiree running out of money. Meaning, if you save £500,000 you can confidently make £20,000 per year from your pension and investments without running out of money in retirement.

WHAT HAVE YOU LEARNT?

We have established that a financially secure retirement begins with having a solid financial plan in place. Evidence proves that individuals who have retirement plans in place will have a happier, calmer and far more financially stable retirement.

Do not wait until the last minute to plan your retirement. Opt for a more proactive approach, confidently take those first few steps and take control of your financial future. People who leave their retirement planning to the last minute end up working past their planned retirement age or end up living a disappointing retirement due to a lack of funds.

Although earning more and regularly saving play a big part in retirement planning, you are able to improve your circumstances by cutting down outgoing expenses, saving regularly and investing your money appropriately and tax efficiently. You will struggle to meet your retirement goals unless you have a sound investment solution in place.

If you struggle with financial and investment planning then there is no shame in asking a financial planner to do this for you. They specialise in these areas and statistics show that working with a financial planner significantly improves peoples retirement.

MAKE YOUR RETIREMENT SIMPLE