

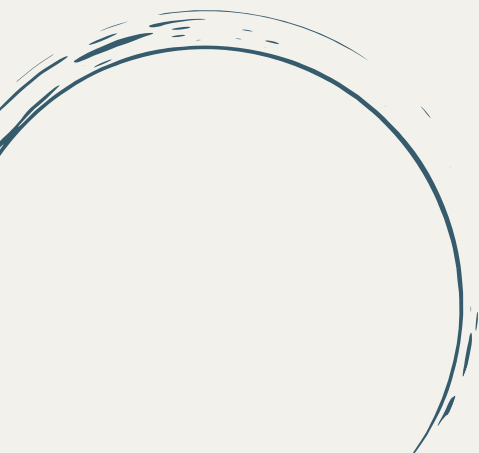
# RETIREMENT GUIDE

**WHY YOUR  
BEHAVIOURS  
AROUND MONEY  
WILL RUIN YOUR  
RETIREMENT.**

# WHY YOUR MONEY BEHAVIOURS WILL RUIN YOUR RETIREMENT

Having experienced a turbulent time in 2020, we all expected to have a smoother landing this year; however, it feels that the outlook for this year seems to be as grim as last year. I think we all had high expectations that this year would be different, I am sure we all had plans to get some kind of normality back in our lives, maybe jet off on holiday or going out on day trips. However, there is still a lot of uncertainty on whether these plans will come to materialise. We all hate uncertainty, but how certain is your future retirement?

We all like to plan in the short term, which is why we have all struggled with the lockdown. We often feel disappointed when those plans do not come to fruition; however, what surprises me is the lack of planning and preparation people put into retirement. We all plan to retire someday, but we do not plan for it, it is the human psyche, we struggle with the concept of planning 20, 30, 40 years ahead of us however if you are like me, 20 years ago seems like yesterday. The last thing you want to do is arrive in retirement with a crash landing and realise that a lack of planning has meant that your retirement is not how you envisaged.



# INFLATION IS KILLING YOUR RETIREMENT FUNDS

We are all human and we like to put things off for another day, but before you know it, bang you are into retirement and you haven't planned for it; you want to maintain your current lifestyle, but you suddenly come to the realisation that this is not possible. The dreams to travel the world or taking up new hobbies are shattered. Why would anyone want this?

This is where proper financial planning can rescue you from the future precipice or retirement disaster. Do not hang on to the thought that everything will be fine, or things will work themselves out because rarely they do unless you are planning on winning the lottery. Financial plans will identify your number; this is the most important single factor when it comes to formulating your long-term plan. Your number is unique to you; not everyone needs to retire on the same amount of money, as we all have different dreams and have different ideas for retirement. Your number is the amount of money you will need to maintain your chosen lifestyle in retirement; without this, you are likely to come up short in your expectations. Your number gives you your finishing line; this will become your target when planning retirement.

We need to change our mindset about money, our brains are not geared to making rational decisions about money which is why many people keep their money in a bank. In our minds we see it as a safe haven something which helps us sleep better at night, however, the reality is while you sleep the silent killer of inflation is wiping away the value of your money, reducing its buying power year in year out. To put it into perspective, over the last ten years inflation has been around 3%, let us just say for the sake of argument that your bank has been giving you 0.5% interest on your money. The stark reality your savings have been devaluing by 2.5% a year.

If I told a new client, 'if you invest some money with me today, it will lose 2.5% a year in value' what is the likeness of them wanting to invest their money with me? Zero is the answer, but people are happy for their bank to do it for them. The irony is the stock market has on average delivered 7% returns over the same period excluding any dividend payments, but irrational behaviours with money prevent people from investing in it. However people use products and services from stock market companies on a daily basis, for example, people drive to work in their Audi car which is a stock market company, they use an Apple computer to do their work on which is a stock market company, they use the software on their computers like Microsoft which is a stock market company, they purchase food from brands which are on the stock market which they purchase in a supermarket such as Tesco which is a stock market company, they watch programmes on Netflix or Amazon which are a stock market company and they watch it on a TV which has likely been made by a company on the stock market. You can see the picture unfolding here; however, people do not want to own a part of these companies which history shows they have produced far higher returns than savings. Cash is not King when it comes to planning for retirement

# WHAT CAN I DO TO START PLANNING

## Your 3 Choices

There are three choices when it comes to planning your retirement; you can do nothing, do it yourself or use a professional. The first two options are viable options, but statistics show they are the worst options. If you choose to do nothing, then it is unlikely you will ever achieve your desired lifestyle in retirement. With healthcare improving constantly, your retirement years are likely to increase over time, at present, people live over 20 years in retirement. How can you retire for 20+ years without a plan, I think it is nearly impossible.

## DIY Retirement Plans

It is possible to implement your own retirement plan yourself, rather like you can design your own website or plan your own event but if you are not a professional in this area do you think it is the best thing to do? Usually, if you are looking to make investment decisions yourself, you must remember it will consume a lot of your spare time. I strongly recommend you do extensive research as making the wrong investment decisions can have devastating consequences. You also need a good level of knowledge and experience of investing before making any decisions as you will need to pick the right investment fund to invest in. If you already have a pension or investment, then you can find a lot of information on the annual statement you should receive from your pension or investment provider.

I would recommend using a website such as Trustnet to carry out your research, you can research thousands upon thousands of funds. I would recommend downloading the fund factsheet for your current investment funds and the ones you intend to invest in so you can compare. You will find all the information you need, such as the fees, performance history, and more importantly, the companies you are invested in.

Also, it is likely you will make irrational decisions when it comes to your own money and investments, which often leads to making the wrong decision. Usually, when the market goes down in value, people panic because they see their money sinking with it. This leads them to pull their money out in putting it back into low-interest bank accounts, forgetting about the devastating effects of inflation. The result of this is your retirement plan is likely to go out of the window.

Also, it is likely you will make irrational decisions when it comes to your own money and investments, which often leads to making the wrong decision. Usually, when the market goes down in value, people panic because they see their money sinking with it. This leads them to pull their money out in putting it back into low-interest bank accounts, forgetting about the devastating effects of inflation. The result of this is your retirement plan is likely to go out of the window.

### Using A Financial Planning Expert

Would you sell your house without an estate agent? Or Would you buy a house without a Solicitor? Unlikely is the case, so why would you take the risk of making your own investment decisions without taking professional advice? Investment decisions are often very emotional and you can end up feeling serious regret if it ends up in disaster. I have also known people spend hours upon hours of their free time shifting through newspapers, websites & financial literature trying to find the next biggest investment. You ask if they enjoy it and they say 'No'.

I know this area like the back of my hand; it is what I specialise in. This is what I train for; I breathe it day in day out. My financial plan will help give you clarity of where you sit financially now and where you are heading financially in the future. Essentially it is knowing whether you will run out of money or die with too much.

I help you prioritise by getting you to focus on the things which are important in life, which is spending more time doing what you like doing which is not spending enormous amounts of time making investment decisions. I help you do this by helping you make sound choices about your finances and prevent you from making stupid mistakes which is common when people make their own financial decisions.

# WHY FINANCIAL PLANS ARE SO IMPORTANT.

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

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

When you are at a younger age, you will benefit from being willing to take more risks and be quite heavily invested in stocks as you will be able to. As for when you approach nearer retirement, you can start to take less risk with your retirement funds in order to shield them from any large drops in the financial markets.

It is important to save as much as you can, most people can actually save more than they think. If I ask someone the questions "Could you save 20% of your income to put towards your retirement?" most people say no but if I rephrase it too "could you live off 80% of your income?" a lot of people say yes.

It's a fact many people hit their peak earning years in their 50's and early 60's. The nearer you get to retirement you need to see if your debt is under control, do you know what you are spending each and every year, and have you got a retirement date in your mind?

A couple of important question questions to ask yourself: do I want to retire? if so then when? and how am I planning on achieving this? Your answers might mean you need a more in-depth budget and to be strict with it,

Lastly and rather importantly, are you investing your money properly? and do you know how much money is enough for your retirement? If you do not then financial planning is essential to help answer these questions for you.

# THE DANGERS OF PUTTING OFF YOUR RETIREMENT PLANS

The dangers of leaving retirement planning to the last minute can not be underestimated, the longer you leave your retirement plans, the harder it is to reach your number. In my experience, a lot of people realise their retirement plans have gone out the window because of the lack of planning in their earlier years. If you earn £50,000 per year, you will likely want a similar income in your early years of retirement to fulfil your retirement aims. You could need anything from £500,000- £1 million to be able to provide this income for the duration of your retirement. In fact, Royal London predicts you need anything from £260,000- £460,000 just for an average income in retirement and people I speak to do not want to aim for average; they want more. If you start planning for retirement late, you will likely end up having to settle for average or less. You just need to change your mindset and be willing to save, and my financial plan will take care of the rest.

Remember, don't miss the boat on your retirement dreams, take advantage by starting early and live the retirement you are dreaming of.

# HOW LONG WILL YOUR PENSION LAST?

Pension Pot	£150,000	£500,000	£750,000
Average Income Needed In Retirement For A Single Person	£19,000 per annum	£19,000 per annum	£19,000 per annum
The Number Of Years It Will Last.	8 Years	26 Years	39 Years
Average Years In Retirement At Age 65	20 Years 12 Years Short	20 Years 6 Years Over	20 Years 19 Years Over
Above Average Income Needed In Retirement For A Single Person	£30,000 per annum	£30,000 per annum	£30,000 per annum
The Number Of Years It Will Last.	5 Years	16 Years	25 Years
Average Years In Retirement	20 Years 15 Years Under	20 Years 4 Years Under	20 Years 5 Years Over

The figures above exclude the negative effects of inflation, your state pension, and any potential growth on your pension.



# ABOUT ME

## The stuff you need to know:

- I have a strong commercial background; I studied Business at Brighton University and worked competently in sales in my early 20's before making the transition into the financial planning industry.
- Although I can proficiently advise on a broad spectrum of financial products and arrangements, my real talent lies in helping my clients plan for their future.
- I am known to be a people's person; I like to meet with my clients in person and build real, long-term relationships so that my advice always comes with a personal touch.
- My main focus is Financial Life Planning because this approach focuses on the client's life first rather than their money and not the other way around. This results in my clients living the life they want to live without the worry of running out of money.
- I am lucky enough to live in the beautiful Shropshire countryside having lived in Birmingham for the majority of my life. Although the majority of my clients are predominantly based in the West Midlands, I do provide advice to clients from around England and Wales.
- Voted in the Times Newspaper top rated UK advisers for 2021, highlighting the quality of advice I provide my client.

## The stuff you want to know:

- I have many passions outside of financial planning; I have just started to learn the piano, which has taken a lot of my time up recently.
- I love being out in nature and my favourite thing to do is ski, the downside to this is there are no mountains to do it in the UK so I do not get to do it very often.
- I spend a lot of my spare time fishing as it gets me out of the house. I love the feeling of the unknown as well as being out in nature. I find it helps to reset the batteries.
- I will often spend time at the gym lifting weights and trying to keep in shape. I enjoy the nutritional side of it, although at weekends you may find me having a cheat day.
- If I am at home you will generally find me in the kitchen cooking my next concoction, I love experimenting with food and if it's the right season you may discover me in a hedge or a bush foraging for ingredients.
- When I'm not out fishing, in the gym or cooking, I like to indulge myself in a round of golf, a hike in the countryside and with a bit of persuasion a few beers!

# MAKE YOUR RETIREMENT SIMPLE

**If you feel your retirement is currently derailed and you would like to know what steps you can take to get it back on track then contact me for a free no-obligation consultation and I can share with you some top tips for retirement and the common pitfalls people make when it comes to their retirement plans.**

**Nick Morris Financial Planner**  
**E: [nickmorris@claritywm.co.uk](mailto:nickmorris@claritywm.co.uk)**  
**T: 07824 832284**  
**W: [www.nickmorrisfp.co.uk](http://www.nickmorrisfp.co.uk)**