



# Guide to Retirement Planning

Have you considered the kind of lifestyle you want when you retire? If so, have you thought about how you will fund it?

According to research, an alarming number of people are financially unprepared for retirement. A fifth (21%) of people in the UK have no private pension, while 17% of those aged 55 or over still have no pension savings.

This highlights why retirement planning is one of the most important components of financial planning. And the earlier you start, the better.

Our guide walks you through everything you need to know to ensure you are fully prepared when your time comes to retire.

# The importance of retirement planning

In the past, direct benefit (DB) pensions, also known as final salary pensions, provided a guaranteed income once you retired.

These pension schemes are now far less common, and more than the State Pension is often needed to fund most people's lifestyles.

Studies show that in the UK, 45% hope for a yearly retirement income of at least £20,000. However, separate research suggests you will need far more to enjoy the finer things in life.

To continue to enjoy luxuries such as long-haul flights, a two-person household will need an annual income of around £45,000. To put things into context, the full UK State Pension only amounts to £9,627 per year - £10,600 from April 2023.

So, having the money needed to enjoy the life you want now rests firmly on your shoulders. This underlines why having a retirement plan is crucial.



# Retirement planning checklist

Retirement planning is the process of creating a clear roadmap to achieving your goals and ensuring you are financially secure once you stop working.

Several factors, such as when you start, your situation and your goals, will all shape your retirement plan. Still, there are some steps you can take to prepare.

Use our checklist and make the transition from working life to retirement smooth and seamless.



## Step 1: Decide where you want to retire

The UK has no set retirement age. But for those working overseas, this is something to consider.

While you may have the option to work as long as you like, the goal for some is to retire younger. The younger you decide to retire, the less time you have to build up the funds needed for your lifestyle.

This is important to consider when it comes to the options you make and the products you choose to ensure your financial security when you retire.



## Step 2: Work out how much you might need

Before starting any journey, you need to know where you are going. Retirement planning is no different.

You can break your future spending down into essential and non-essential living costs.

This doesn't need to be exact down to the penny. You just need an idea of how much your desired lifestyle will likely cost you.

### Step 3: Work out your likely retirement income

Checking how much retirement income you will likely receive is important, especially as you get closer to retiring.

To do so, you will need a pension statement from the provider. These statements provide helpful information that will give you an idea of how much you could expect when you retire.

You can also use the pension tracing service to track down any lost pensions or old ones you may have forgotten you had. And for a State Pension forecast, visit the UK government's website.

Of course, you may have other products that you plan on using to fund your retirement, such as savings or investments. Make sure to factor these in when assessing your potential future income.



### Step 4: Income vs lifestyle

At this point, you know the following:

- When you would like to retire
- An idea of how much you will need
- Your likely retirement income

Do the numbers add up? Will your likely retirement income cover your lifestyle costs?

Most people are financially underprepared for retirement, or they simply underestimate the costs. If this is you, it's time to move on to the next step.

## Step 5: Make a plan

If your projected income is not enough to live the life you want, it's time to start putting measures in place to reach your goal.

This might include setting up a regular savings plan, topping up your pension or investing. It could be a combination of these things.

Working with a financial adviser can help you identify the options that best suit your needs and maximise your retirement income.

They can also use their knowledge and experience to develop a forecasting model and a cash flow analysis. These help you better prepare and identify any future obstacles ahead of time.

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# Retirement planning with Holborn Assets

After a long working life, retirement is your chance to make the most of your newfound time and do the things you enjoy. But, like everything, this comes at a cost.

Retirement planning is essential for ensuring financial security when you stop working and no longer have a regular salary. It can be a complex process – but it doesn't need to be.

Working with one of our retirement planning specialists can help you make informed decisions and keep you on track to enjoy life after work.

Holborn Assets is a leading, award-winning financial services company. We offer comprehensive retirement planning solutions to fit your needs and goals. We do not believe in an off-the-shelf approach to retirement planning. Instead, we offer transparent, tailored advice with your best interests in mind.

Start planning for tomorrow, today. [Contact us](#) and find out how we can help you reach your retirement goals.