

Financial Empowerment Retirement Tips



When approaching or thinking about retirement, it's easy to get carried away dreaming about the freedom and fun you'll soon enjoy. But now and again we all need a reality check, and in this case, it starts with making sure you have the money to fund it all. With the state pension age for men and women currently standing at 66 years, and the amount a mere **£221.20** per week¹, you need to be prepared to face the possibility of pension poverty.

In a 2024 survey carried out by Which?, **51%** of people yet to retire said they didn't know how much money they would need for a comfortable retirement. The Pension and Lifetime Savings Association (PLSA) recommend you would need a minimum of **£43,100** for a single person

(**£59,000** for a couple) per year. There is a massive **35%** gap in pension savings between women and men².

Although how you choose to spend your retirement is personal, *Which?*³ have some useful research, data and spending profiles to use as 'rule of thumb' numbers. Their research suggest that if you wait until you're 40 years old to start saving for retirement, you'll need to contribute **£61.50** per month for a comfortable retirement.

If you are already close to your retirement date, below are some tips that may help your retirement income and help your money to afford you the choices and freedoms you want.

GETTING THE MOST FROM YOUR RETIREMENT FUNDS



Make a budget and stick to it

List your essential expenses, your little luxuries, your big luxuries. Your expenditure on work-related travel, clothes etc. will change and you're likely to want to spend some of that money on leisure travel, holidaying, joining clubs/hobbies, trips to see the grandchildren and future health costs.



Review Your Holdings

If you're over 50 with a private pension, you can access a percentage of your pension pot about 10 years earlier than the state pension age. You could spend that money, but many people decide to invest all/some of it for 10-15 years in an investment with more equities to increase their returns. **BUT HIGH RETURNS TENDS TO MEAN HIGHER RISK**



Legal Tax Minimisation

Check you're making the most of tax-free wrappers such as an ISA and SIPP, as well as any Capital Gains allowance or married person's allowance.



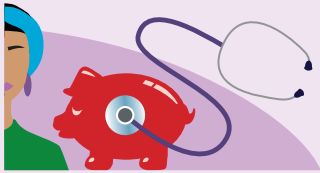
Belt Tightening

If you've avoided or neglected saving up, you might need to think of spending less on luxuries today to ensure you can pay for essentials in retirement tomorrow. Put together a financial fitness plan, set it up and make the saving habit part of your monthly finances, not one you moan about.

¹ <https://www.moneyadvice.service.org.uk/en/articles/pension-information-guide-to-the-basic-facts>

² <https://prospect.org.uk/news/gender-pension-gap-increases-to-40-3-new-prospect-research-shows/>

³ <https://www.which.co.uk/news/2020/09/pension-awareness-day-how-much-do-you-need-to-save-each-month-for-retirement/>



Financial Health Check

You never know where you can make savings to boost your retirement pot. Check your memberships, bank accounts, insurances, credit cards – can you get rid of any? Most people only need one checking account, one savings account, and one credit card. Might also be an idea to consolidate any investments to reduce fees!



Go down to just one car

If your commute has changed or you're working from home more, rethink the number of cars, bikes etc you own. Consider selling any extra vehicles you might have. You'll save money on fuel, maintenance, parking, and insurance.



Declutter - Sorting out Stuff

Re-evaluate what you need and what you don't. Also think about any storage costs you're incurring – if you haven't used some items for years, you're unlikely to ever use them! It's very quick and easy to sell items online - what you can't sell, donate, and write off the value on your taxes.



If you're over 65 – use those senior discounts, you've earned them!

Museums, restaurants, cinemas, theatres, National Trust, transport, health providers all offer senior discounts. Start silver surfing online for what's available and make the most of what's on offer. People rarely get tired of that feelings of saving money or getting a bargain.



Travel off-peak

Your flexible retirement schedule allows you to travel mid-week and off-season, where you'll often find better rates on transportation, lodging, and activities so it's worth buying tickets in these times – not to mention that the journey is often a lot more peaceful!



Gifting – The 7 Year Rule

Unless you outlive any money you give as gifts to children, grandchildren or other family and friends, it will still count in your inheritance tax. If there's Inheritance Tax to pay, it's charged at 40% on gifts given in the 3 years before you die. Gifts made 3 to 7 years before your death are taxed on a sliding scale known as 'taper relief'.



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Important Information: Capital at Risk.

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

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