



## Retirement Checklist

Retirement is the most important decision that you will make and to ensure that you make a decision that you enjoy, rather than regret, you need to carefully consider the planning process.

It is at this time of your life, that you have to ensure that the savings and investments you have made, start to work for you and will last you for your lifetime.

To ensure that the transition into retirement is as successful as possible, you should look to plan ahead and give yourself as long as possible. This factsheet is designed to help focus you on the realities of retirement and prepare for that planning and decision making process.

### Checklist

Following this check list will help you be more prepared.

### Occupational Pensions

If you are or have been a member of an employer's occupational pension, you should request up to date details of your current entitlement. Many occupational schemes will also supply a projections of likely benefits at retirement age.

If the scheme is a final salary scheme, you should consider very carefully if you should commute any of the pension for a lump sum. In some cases it is far more beneficial to take the maximum pension. This is because schemes use a 'commutation factor', this means that for every £1,000 of 'tax-free cash' that you take, you will be giving up part of your annual pension. For instance a commutation factor of 10 to 1, means that for every £10,000 of lump sum, you will be giving up £1,000 per annum of index linked pension. In general the higher the factor (i.e. 20:1), the more generous the scheme is being to you. The lower the factor means that you are giving up a lot of pension for in effect a small lump sum.

### Personal/Money Purchase Schemes

These are schemes that are purely reliant on investment growth. You should do the following:

- Request an up to date statement.
- Check to see what funds you are invested in, are they still appropriate and should you consider switching into lower risk funds near to your retirement date because a severe market correction could have financial implications for you.
- You need to consider if an annuity or another form of income option is appropriate. If an annuity is right for you, you should always consider the 'open market option' (see our annuities factsheet).

### Personal Pensions

You should consider the merits of perhaps increasing payments or making a one-off top-up to increase your pension.

### Lost pensions

If you were a member of an employer's scheme or paid into a personal pension plan and have lost any paperwork on the scheme, you can contact the pension tracing service via the web.

<https://www.gov.uk/find-lost-pension>



### State Pension

If you are retiring early, you may still be some way from qualifying for the full state pension. In the first instance you should apply for a forecast of your state pension entitlement. The Department of work and pensions (DWP) can provide you with a forecast detailing the likely benefits you will receive, which will include any graduated pension and state earnings related pension entitlements. Further details can be obtained from the following website

<https://secure.thepensionsservice.gov.uk/statepensionforecast>

The state pension is due to become a flat rate pension in 2017. Your pension will be based your NI record and if you are short of qualifying years, you can check with the DWP to see how much it will cost to top this up.

### Home improvements

In the years leading up to retirement and whilst you still have earning power, you should consider ensuring that any major expenses such as home improvements are done, this will also then give you the opportunity of replenishing your savings, to ensure that you have a good level of rainy day funds in retirement.

### Savings

#### Deposits

It is vital that you have a good level of liquid savings available to provide a financial cushion for any unexpected expenditure. These should be held in accounts that are instantly accessible such as deposit or savings accounts and even Premium Bonds. This will allow you money for any 'rainy day' expenses.

#### Investments

Collect all details of current investments such as shares, ISA's, endowment plans etc. You need to consider each one individually to check if they still remain appropriate to meet your needs in retirement.

Are the underlying investments or funds still appropriate to meet your objectives and do they meet the risk that you wish to take.

If appropriate should you rationalise and amalgamate some of them so that they are more manageable

#### Tax-Free Cash

You will need to consider how much tax-free cash that you wish to take from your pensions, remember the more you take, the greater the impact this will have on your retirement income and for money purchase schemes such as personal pensions, this does not all have to be taken at one time.

#### Debts

You should consider ensuring that any debts are repaid including your mortgage, loans, credit cards, before you retire because any repayments may be unsustainable on your retirement income.



### Budget

You should put together a detailed list of all your major outgoings. It may also be worth looking back over your last twelve months expenditure to remind you of what you are likely to spend over an annual period. You should consider putting all the main bills on monthly direct debit, so you do not get any nasty surprises.

You may need to factor in that certain bills maybe more expensive in retirement, such as heating and private medical insurance.

Some elements of your cash-flow may be very different in retirement such as money spent on hobbies or on holidays, as an example. You may also spend more time at home which may increase your heating costs.

This list may help you create your own budget planner

Item	Amount
Gas/Electricity/Water	
Council Tax	
Telephone/Internet	
TV Licence/Satellite TV	
Household insurance	
Car insurance + running costs/services	
Annual subscriptions/Hobbies	
Food	
Holidays	

### Income

New proposed rules will allow people greater access to their 'money purchase' pensions. This is designed to give people greater flexibility in retirement, but remember life expectancy is increasing and your retirement lifestyle will be dictated by how much money you withdraw from your fund. As an example a 65 year old male, will on average live until the age of 83 and for a women this is 86 (Office of National Statistics)

### Take advice

Taking advice, costs money but it could be the best money you ever spend. A professional adviser will be able to provide advice and help. Advice should be sought as soon as possible, so that if your plans are not quite on track or your expectations are too ambitious, you have someone that can provide help in trying to get you back on track.

Retirement should be one of the most enjoyable times of your life and therefore taking the right advice and making the right decisions and planning are crucial.