



**FINANCIAL**  
**SERVICES LIMITED**

GUIDE TO  
**PREPARING YOUR  
FINANCES FOR  
RETIREMENT**

*Is it time to start by envisioning the kind of  
retirement you want?*



NOVEMBER 2023

**DG Financial Services Ltd**

Diss Business Hub (DBH29), Hopper Way, Diss, Norfolk, IP22 4GT

T: 01206 393264 E: [info@dgfs.biz](mailto:info@dgfs.biz) W: [dgfs.biz](http://dgfs.biz)

*DG Financial Services Ltd is Authorised and Regulated by the Financial Conduct Authority.*



Chartered



GUIDE TO

# PREPARING YOUR FINANCES FOR RETIREMENT

Is it time to start by envisioning the kind of retirement you want?

Welcome to our *Guide to Preparing Your Finances for Retirement*.

As the countdown to your retirement begins, a myriad of factors come into play. From managing finances and health to housing and future aspirations, securing a comfortable retirement requires detailed planning.

The landscape of pension legislation has transformed significantly in recent years, offering more freedom and choice over pension asset utilisation. However, this newfound liberty comes bundled with complexities.

### Decoding your choices

Navigating retirement in today's financial environment can be quite challenging, making it essential to decipher your options. Remember, the decisions you make today will heavily influence your future lifestyle.

Consequently, numerous questions will surface: How much should I save? What will be my income sources post-retirement? What lifestyle do I envision for myself? What are my healthcare and long-term care needs? What does estate planning look like for me? How do taxes factor into my retirement?

To ensure a pleasant retirement, there are several things you need to review.

### Your retirement checklist

#### Locating your pensions

In the UK, there are several ways to track down your pensions, but the most straightforward method is using the government's Pension Tracing Service. Visit: <https://www.gov.uk/find-pension-contact-details>.

Keeping accurate records and knowing where your pension money is invested is vital. If you've switched jobs or addresses, update your records with your current contact details to receive all relevant pension correspondence.

#### Accessing your pensions

Currently, UK pensions can be accessed from age 55 (set to change to 57 in 2028). This doesn't mean automatic pension receipt at this age but indicates that you can start receiving benefits if desired. The amount and frequency of pension payments depend on your specific scheme's rules.

For workplace and personal pensions, there's no set retirement age – it's subject to individual scheme rules. Some might require retirement at a certain age, while others offer the flexibility to work as long as you want. When to take your pension is a personal decision, dependent on your circumstances.

#### Estimating your pension's value

Regularly checking your UK pension's value as retirement approaches has multiple benefits. It ensures that your pension stays on track to provide the desired retirement income.

By monitoring your pension's value, you can maximise your investment and keep abreast of any changes in your retirement fund's value. This is crucial for identifying necessary adjustments to your retirement plans.

### Securing a State Pension forecast

A State Pension forecast estimates the amount you'll receive from the government upon retirement. You can get your forecast online on the government's website at <https://www.gov.uk/check-state-pension>.

Remember, the amount stated is only an estimate. The actual amount may vary based on several factors.

### Assessing other investments

When planning for retirement, it's important to accurately estimate the value of your other investments. These will determine how much you need to withdraw from your retirement accounts yearly.

The value of your other investments will impact the income you'll need to generate to meet retirement expenses. If your portfolio is smaller than expected, you might need to withdraw more each year to cover costs. Knowing the value will help you assess if you're on track to meet your retirement goals. If your portfolio is worth less than expected, you might need to adjust your savings and investment strategy.

### Accessing your pension

If you are a participant in a UK Defined Contribution pension plan, you may have the option to take out a portion or all of your pension benefits as a lump sum starting from age 55 (this will increase to 57 in 2028). This process is often referred to as 'pension unlocking'. You can take up to 25% of your pension pot as a tax-free lump sum. The rest can be used to provide an income for life.

However, there are important considerations to keep in mind. Taking your pension benefits as a lump sum means that you'll have less money to live on during retirement. This is due to the fact that the lump sum will be subject to Income Tax. Furthermore, choosing to take your pension benefits as a lump sum could also impact your eligibility for certain state benefits, such as the State Pension.

### Creating a retirement budget

Retirement can be expensive, especially with the impact of rising inflation. Beyond the

obvious costs like housing and healthcare, there are numerous other expenses that can accumulate quickly. These can range from travel and leisure activities to groceries and utilities. As such, it's crucial to create a retirement budget. By understanding where your money is going, you can identify potential areas to save.

Creating a retirement budget doesn't have to be complex. It should, however, include all of your expected sources of income, as well as all of your anticipated expenses. Once you have a clear picture of your cash flow, you can begin making adjustments to ensure you can fully enjoy your retirement years. ■

### NEED HELP TO UNDERSTAND HOW TO PREPARE YOUR FINANCES FOR RETIREMENT?

Before making any decisions about your retirement plans, it's essential to seek professional financial advice. This will help you understand your options and make the best decision based on your circumstances. For more information or to discuss your requirements, please get in touch with us.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

# READY TO START TAKING CONTROL OF YOUR RETIREMENT PLANNING OPTIONS TODAY?

Don't let retirement planning overwhelm you! We know that every step counts when it comes to securing a comfortable retirement. That's why we're here to help guide you through the process, whether you're just starting out or are nearing your retirement years.

**Contact us today for expert advice tailored to your unique situation and goals. Your future self will thank you.**

This guide is for your general information and use only, and is not intended to address your particular requirements. The content should not be relied upon in its entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of the content. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested. All figures relate to the 2023/24 tax year, unless otherwise stated.

Published by Goldmine Media Limited, 124 City Road, London EC1V 2NX.

Content copyright protected by Goldmine Media Limited 2023.

Unauthorised duplication or distribution is strictly forbidden.

**goldmine media**