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NAVIGATING RETIREMENT THROUGH THE DECADES

Creating a robust strategy that aligns effectively with your present and future circumstances

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Welcome to our guide on planning for retirement, decade by decade.

Preparing for retirement is crucial to guarantee that you possess the financial stability required to enjoy your later years. Given that retirement might still be quite a distance away, it's important to start saving for it at the earliest opportunity.

The prospect of retirement planning might appear daunting, particularly in the absence of a clear starting point. Nevertheless, the key takeaway is that regardless of your age, it's never too early or too late to start. Another benefit of starting early is compound earnings. This is when the money you've earned on money you've invested begins generating earnings too. Investing a small percentage of your income can really add up over time.

Having a savings plan for every stage of your life is vital in helping you work towards a retirement that you can look forward to. To help, here's our decade-by-decade guide to saving for the future.

IN YOUR 20S: GETTING STARTED

Being in your 20s can feel like an exciting time to be alive but also daunting. It's never too early to start thinking about your financial future and setting yourself up for success.

With the proper knowledge and planning, you can easily create good savings habits that will set you on the path towards financial security.

Start by setting realistic and achievable goals; whether they include buying a house, starting a business or taking out investments, having objectives in mind will help motivate you to save money now.

Creating a budget is also vital to staying on top of your finances. Knowing what expenses you have each month will help keep you organised and make sure there's enough left over to put aside for savings. Ensure you know about upcoming bills and other costs to build those into your budget.

At the same time, remember to enjoy life too! Set money aside to do things you love, such as travel or hobbies. By taking a balanced approach to saving, you'll be able to get the most out of your 20s while still investing in your future financial security.

- Develop good savings habits early in life.
- Budget for saving rather than saving what's left at the end of the month.
- Take advantage of tax-efficient ISAs and Lifetime ISAs.
- Participate in workplace pension schemes.

IN YOUR 30S AND 40S: DIALLING UP THE FOCUS

Another way to make the most of your 30s and 40s in the UK is to take advantage of salary sacrifice. This is an excellent way to increase your pension contributions while reducing your tax bill. You can redirect this money into your pension pot by agreeing to accept a lower salary each month. This means that while you will be contributing more to your pension, it could leave you with an increased take-home pay as you'll be paying less National Insurance Contributions (NICs).

Salary sacrifice offers plenty of potential benefits, from reducing NICs payments, pushing back when it comes to paying higher rate tax and helping to maximise employer contributions. Additionally, if you have opted out of an employer pension scheme, you can opt back in and reap the benefits of salary sacrifice.

Obtain professional financial advice for more information on getting the most out of salary sacrifice in your 30s and 40s. We'll help guide you through any potential tax implications too.

- Consider salary sacrifice to maximise pension payments.
- Redirect bonus payments into your pension for a tax-efficient boost.
- Seek financial advice to ensure you're on track for a comfortable retirement.

IN YOUR 50S AND 60S:

As you enter your 50s and 60s, retirement becomes a reality. It is essential to consider the right time to retire and how much money you will need to do so. Remember that individuals aged 55 or over can start taking money from their pension. Starting from 6 April 2028, the average minimum pension age will increase to 57. This change may affect you differently depending on your birthdate.

It is worth considering whether taking money at this stage is necessary for your circumstances, as it may have tax implications. Ultimately, careful planning and consideration throughout life will help ensure that you have enough money saved when the right time comes to retire.

You should also ensure that you are up to date with any changes in the law or regulations that may affect your retirement and pension savings. As well as seeking professional financial advice, it is a good idea to keep an eye on government announcements and stay informed about news related to pensions and retirement.

This can help ensure you receive the best returns for your investments when the time comes to retire. Key points to consider:

- Determine your retirement goals and assess your progress using online tools and calculators.
- Be cautious about taking money from your pension too early, as there could be tax implications.
- Use the government's free State Pension forecast tool to understand your expected State Pension.
- Top up your pension as much as possible before you stop earning regular income.

Remember, it's never too early to start saving for retirement. By following this decade-by-decade guide, you can work towards a secure and enjoyable retirement that you can look forward to. And don't forget, a 'flexi-retirement' approach is becoming more common, with many people continuing to work in some form during their retirement years.

WANT TO UNDERSTAND MORE ABOUT PENSIONS AND RETIREMENT

The journey towards and through retirement differs for us all. Each of these stages brings its own challenges and choices, and you will have your own objectives depending on where you are on your journey to achieving your retirement goals. To find out more or discuss how we can help you, please get in touch with us.

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