Creating your personal retirement plan

For many the prospect of retirement is enticing yet adjusting to this new life can be daunting. For some retirement is waking up with nothing to do and by bedtime having done only half of it. Others subscribe to the views of CS Lewis who once wrote: "*You are never too old to set another goal or to dream a new dream.*" Either way for most the change is likely to be significant. So what should you do as you approach retirement?

Start with a plan

Like with all good things it pays to plan. On the run up to retirement, take time out to think about the life you want. Above all, dream a little. I say that because all too often we lose sight of what makes us happy and almost subconsciously assume a predetermined future. Retirement is your time and is largely of your making.

What interests would you like to pursue? What goals do you have? Do you intend to assist a charity? How will you split your time? What considerations are there in respect of your partner and children? What changes to your property would you like to make and/or when should you consider downsizing?

Financial

Malcolm Forbes once said: "*I made my money the old-fashioned way. I was very nice to a wealthy relative right before he died.*" Such avenues are not available to all of us and financial security sadly is largely earned.

Having one's finances professionally managed is not solely a consideration on the run up to retirement but is undoubtedly more critical as dependency upon the resultant income increases.

Over the last few years of work, complete a comprehensive expenditure summary and then identify likely increases or falls in expenditure over the years. Cashflow modelling software provided by the financial advisory community can help determine the likelihood of meeting these future ongoing costs out of existing investments and pension income. Having such clarity allows one to test assumptions.

The best constructed client portfolios diversify not just through funds but also plans. By building funds, prior to retirement, in pensions, ISAs, general investment accounts, offshore bonds and Venture Capital Trusts (all of which have their own specific tax treatment) one can turn on or off income taps according to the prevailing tax treatment and thereby help mitigate annual taxes.

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It is best to make the most of available pension allowances as soon as you can, especially during the years leading up to retirement. One has the potential to go back over the last three years and mop up unused tax relief. Non-working spouses can pay up to £3,600 per year into a pension, benefit from 20% tax relief and, if the resultant income falls exclusively within one's Personal Allowance, can be taken tax free.

It is also time to review investment risk and to consider consolidating pensions and investments to facilitate more effective management. Having assets managed under one platform can help drive down costs, provide access to a wider range of assets and allow flexibility in the way income is released.

Whilst many older pensions do not benefit from the flexibility under the 2015 Pensions Freedom legislation, due consideration needs to be given to potential options such as guaranteed annuity rates, guaranteed growth rates or enhanced tax-free cash.

For those likely to breach the Pension Lifetime Allowance, consolidation can help. Most client portfolios include a mix of cash, fixed interest and equities. By managing all assets (pension, ISA, general investment accounts, offshore assets) on a common platform, one can appropriate lower risk, lower growth assets within the pension thereby stifling growth (and therefore reducing the chance of a breach) whilst leaving other unfettered plans to grow.

Now is the time to review your insurances, consider private medical cover and plans to cover potential Inheritance tax.

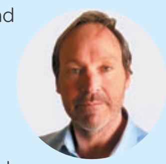
Health and Fitness

How will you ensure good health and happiness? Age UK suggest that at least five years prior to retirement, you gradually build your fitness levels. You are likely to be more active and will need stamina to tackle that golf course or tennis court more often.

Simplify your life

Running two or more properties can be stressful enough especially if one is a buy to let. Living in a house that is patently too big or has too large a garden can add additional strain and be costly to upkeep. Simplifying one's administration and embracing and upgrading technology will reap their rewards and completing your Will helps give you peace of mind.

Planning early increases the chance of enjoying a long and happy retirement and focusing upon continuing good health, both mental and physical will ensure the wise words of Samuel Johnson are heeded when he suggested, "*It is better to live rich than to die rich*". Equally good management of one's finances, diversifying the plans within which they are invested and effective tax management helps ensure your plans become reality. NLJ



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Dream a little, live a lot

Creating your own personal plan can pave the way to a happy and fulfilling retirement

Like most things in life, a successful retirement needs planning. You need to take time out and dream a little. What do you want to do? What do you not want to do? Retirement is your time and is largely of your making.

Of course, money is important. Having your finances professionally managed is important on the run up to retirement and even more critical as your dependency upon the resultant income increases.

Expert financial advice, combined with cashflow modelling, will help you understand your situation and test different assumptions. In short, you will be able to plan for your own financial well-being and a successful retirement.

To find out more, call 020 7353 6373 email financialadvice@fswealth.co.uk or visit www.fswealth.co.uk.

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