



WHAT'S YOUR RETIREMENT DREAM?

Research has shown that the ultimate retirement dream for most is straightforward: enduring financial security.

Hopes and dreams for a secure retirement

A Legal and General survey¹ of over 2,000 respondents aged 50 and above highlights that nearly all (94%) prioritise financial security as a key retirement wish. Other common aspirations include maintaining a desired lifestyle (94%), spending time with family (90%), and having funds for significant family events like weddings (73%).

Importantly, being able to afford care if required is also a significant concern, with 81% of respondents noting it as a priority. This reflects the growing awareness of the potential need for long-term care. Travel and the ability to support family financially were also significant goals for many. However, a notable 41% of retirees have found they needed more financial resources than expected, underscoring the importance of robust financial planning.

Strategic planning to sustain your lifestyle

Due to rising life expectancies, many people can expect to spend several decades in retirement. We therefore need to give careful consideration to several aspects of planning.

- How much do you need? What level of income will you need for your preferred lifestyle?
- What do you have? Take stock of your pension(s), savings and investments, and any other assets you currently have.
- When do you want to retire? This will give you an idea of how long you have to save before entering retirement.

Four practical steps to achieve your retirement dream

As we progress through 2024, take decisive action to ensure your pension contributions are optimised to meet your retirement goals. Here are four practical steps you can take to significantly improve your pension's potential:

1. Power up your pension this year

Paying a lump sum into a pension can be a particularly effective way to save for your future. If you have accumulated extra money from a windfall, work bonus or through saving, now could be the ideal time to power up your pension with a single contribution.

2. Above and beyond with lump sum payments

One-off pension payments are permitted at any time, with the government encouraging people to do so through tax incentives. Making a single contribution basically enables people to go above and beyond their regular commitments, and thereby move closer to achieving their ultimate pension saving goals.

3. Tax efficiency

Tax relief is available on contributions up to a maximum of £3,600 a year or 100% of your UK net relevant earnings, whichever is greater, with the level of relief dependent on a person's marginal rate of Income Tax.

For instance, a £1,000 lump sum contribution could effectively cost a higher rate taxpayer just £600, after receiving £200 basic rate tax relief from the government and claiming £200 in additional relief from HMRC.

4. Maximise your annual allowance

For 2024/25, the annual contribution limit for tax relief purposes is 100% of a person's salary or £60,000, whichever is lower, although unused allowance(s) from the previous three tax years can be carried forward. If you want to make the most of your available allowance(s), get in touch and we'll help you power up your pension.



Secure your retirement with professional advice

As you navigate the complexities of retirement planning, it can be helpful to have an expert by your side. A financial adviser can help ensure that your pension is on track and remains aligned with your retirement goals.

And when the time comes to retire, your adviser will guide you through the various options to help generate the income you need, ensuring that you make the most of your pension savings. With professional advice, you gain the peace of mind that comes from knowing you are well-prepared for the future.

Engaging with a financial adviser is not just about building a pension; it's about building a strategy that adapts to changing circumstances and helps to achieve your retirement dreams.

The value of investments and income from them may go down. You may not get back the original amount invested. A pension is a long-term investment. The fund value may fluctuate and can go down. Your eventual income may depend on the size of the fund at retirement, future interest rates and tax legislation.

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This content is provided for informational purposes. You should seek financial advice before making any decisions.

¹ Legal & General commissioned this survey on 2,004 individuals aged 50+ between 14-19/04/2023