



WILL YOU NEED TO DELAY RETIREMENT?

The cost-of-living crisis has added a new challenge to retirement, with two in five (39%) people expecting to work full-time past the state retirement age.¹

The study found that around two-thirds (65%) of consumers are worried about their retirement provision because of recent rises in the cost of living.

Some 29% say they will depend on their partner's Pension in the future, potentially putting some on a vulnerable position. Meanwhile, 30% say they will sell the main property that they live in when they retire, while 29% will consider releasing equity from their home².

The latest data from the Office for National Statistics shows that the number of workers aged over 65 is already at a record high 1.47 million³.

Impact of working longer

Working longer isn't all bad news.

Should you wish to continue working, you can keep your pension savings invested for longer rather than turning on the income taps, hopefully resulting in more growth.

It also means you will put more into your Pension while still earning.

If you decide to defer your desired retirement age and work for longer, it's important to update your pension provider about your plans - particularly if you're a member of its default investment option, where your investments are automatically selected.

This is because most firms automatically begin moving your money into safer investments, such as cash, as you approach your retirement. If they don't know you have postponed your retirement, the investments will be de-risked too early, and you could miss out.

Working longer and continuing to earn also means you could defer your state pension. The benefit is that it increases by the equivalent of 1% for every nine weeks you defer. This works out as just under 5.8% for every 52 weeks. So, if you were entitled to a full new state pension, currently around £10,600 per year, you could get an extra £614 by deferring for a year.

However, before deferring, check if it will affect your entitlement to other benefits you might be eligible for, such as pension credit.

Want to avoid working longer?

If you want to avoid delaying your retirement for financial reasons, now is the time to take action and ensure your pensions are on track.

With the help of an adviser, you can work out your retirement goals and how best to reach them.

Here are some of the key considerations.

Aim to save for your retirement as early as you can

It's never too early to start planning for retirement. The longer you save, the more chance your money has to grow and the more tax relief you can bank.

You will also benefit from the magic effects of compounding - the term for generating growth from previous growth. The later you leave it, the more you need to save each month to reach your target.

However, the generous tax breaks are still worth having if you're just starting to plough money into your Pension in your late forties or even fifties.

Invest wisely

Where your Pension is invested can greatly impact what you'll get back when you retire. You'll want to ensure you have the right investments where your money can work hard - so you don't have to.

If your work scheme has a 'default' investment option - where your money is automatically invested when you join the scheme - it may not be the most suitable for you. You may want to switch funds to improve the chances of better returns.

Maximise money languishing in old, inferior pension schemes

More people are choosing to move their pension schemes - either from previous employers or private pensions - to one lower-cost Pension that they can have more control over regarding how the money is invested.

Switching to a new scheme, such as a self-invested personal pension (SIPP), could give you access to a broader range of investments, cut costs (which eat into your returns) and make life easier with everything under one roof. Over time, this could leave you with more income in retirement.

This is only worth it if you're not giving up any valuable guarantees or benefits from a scheme package.

Find lost pensions

With many of us changing jobs throughout our working lives, it's easy to lose track of the various schemes we have paid into.

The number of lost pension pots in the UK stands at around 2.8 million, with these pots now having an estimated collective value of £26.6 billion⁴.

It's worth checking if any of that belongs to you. Visit www.gov.uk/find-lost-pension or call 0345 6002 537 for more information.

An adviser can help find ways to increase your chances of being able to retire when you're ready by keeping your pensions on track.



Tavistock Partners Limited is authorised and regulated by the Financial Conduct Authority. Tavistock Partners (UK) Limited is authorised and regulated by the Financial Conduct Authority. Tavistock Private Client Limited is authorised and regulated by the Financial Conduct Authority. The Tavistock Partnership Limited is authorised and regulated by the Financial Conduct Authority. Abacus Associates Financial Services is a trading style of Tavistock Partners (UK) Limited which is authorised and regulated by the Financial Conduct Authority. Duchy Independent Financial Advisers is a trading style of Tavistock Partners Limited which is authorised and regulated by the Financial Conduct Authority. All subsidiaries are wholly owned by Tavistock Investments Plc.

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

¹ <https://www.hulldailymail.co.uk/news/cost-of-living/retirement-fading-dream-many-rug-8469894>

² <https://www.hulldailymail.co.uk/news/cost-of-living/retirement-fading-dream-many-rug-8469894>

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/peopleaged65yearsandoverinemploymentuk/januarytomarch2022toapriltojune2022>

⁴ <https://www.aviva.com/newsroom/news-releases/2024/04/aviva-launches-the-UKs-first-pension-tracing-and-consolidation-service/>