Planning for retirement

Royal Bank of Scotland

TOMORROW BEGINS TODAY

With so many options to consider when it comes to planning for the future and saving for our retirement, it's no wonder many of us don't like thinking about it.

But, it's important that we take the time to plan for the future and understand what it involves.

Retirement planning. Get in the know.

Why is it important to save for retirement?

It's never too early to start saving for your retirement. As a society we are now generally living longer, so it may mean we need to save more.

When is the right time to retire?

Depending on the age you are at the moment, you'll have a retirement age where you become eligible for a state pension but that doesn't mean you need to retire from employment (and your employer can't make you).

Think about what age you want to stop working. For example, if you retire at 65 there's an expectation that your pension will need to last you for at least 20 to 30 years So it's important to consider what a realistic retirement age will be for you It'll also depend on your financial situation and how you've planned for retirement beforehand.

How much needs to be saved to retire?

When you've stopped working, your lifestyle will likely change so it's important to factor the cost of this. For example, you may no longer have large travelling expenses or a mortgage, but you may want to spend more on your energy bills, healthcare or on holidays. Once you've worked out how much you'll likely spend, you may want to compare this against the pension(s) you currently have.

Already have a pension plan?

If you already have a personal pension plan, ask your pension provider for a forecast to find out how much you're likely to get when you retire. The amount you'll get when you retire depends on a few different things, including how much you've paid in and how well the fund's investments have done.

Have more than one pension?

On average, there are people who work for between five and nine employers over the course of their lives and often they leave a pension behind when they get a new job. To plan for your retirement, you'll need to work out how much you'll be getting from all pensions, which means you'll need to track any that have gone missing. To track down your existing pensions, check out: **www.gov.uk/find-pension-contact-details**

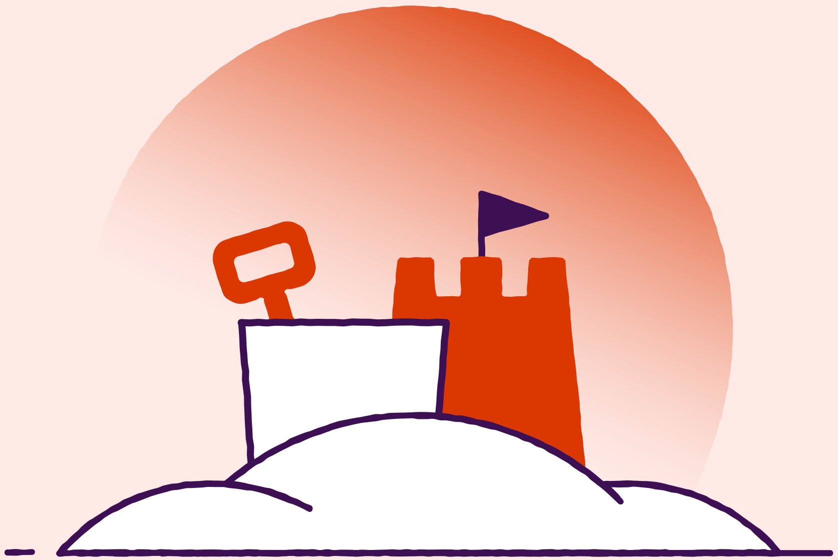
How to start saving for retirement

There's lots of options available such as ISAs, private or workplace pensions, or even investing in property.

The earlier you can start saving, the more time it could help your money to grow Leaving things until later may mean that the amount you'll need to save is less achievable.

What types of pensions are available?

1. **State pension**
2. **Workplace pension**
3. **Personal pension**



Types of pensions: State Pension

A state pension is a regular form of income that you receive from the government once you have reached state pension age. The amount you receive will be based on your National Insurance contributions*. The age at which you reach state pension age varies and is dependent on when you were born.

But, a state pension may not be enough for you to live on in your later years.

You can find more details about your pension age and how much you could expect to get from:
http://www.gov.uk/browse/working/state-pension

*In order to receive the full state pension amount you must have made 30 qualifying years of National Insurance contributions. Or alternatively, if you are unable to work (due to reasons such as sickness, unemployment or disability) you'll need to have received credits for this time.

Types of pensions: Workplace and Personal

Workplace pension

From 2018 all eligible workers should have been gradually enrolled in to their workplace pension scheme (unless the workers chose to opt out). This means a percentage of pay is automatically put into a pension scheme each payday.

Topping up your employer scheme can often be the cheapest and easiest way to boost your pension Employers often contribute to workplace pensions too.

Personal pension

A personal pension plan could be a good option if you're self employed, which means you won't automatically be enrolled in a workplace pension. You'll get tax relief at the basic rate. Higher and additional rate tax payers could claim back the difference. Pensions also grow tax efficiently and you can take up to 25 as a tax free lump sum on retirement. You can either make regular or lump sum payments to your provider.

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