"We think about the big questions: what does retirement look like for you; how to close a funding gap or protect against excessive investment risk; how to generate greater certainty around the type of retirement you can expect."
Andy Robinson
Financial Planner

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25 YEARS

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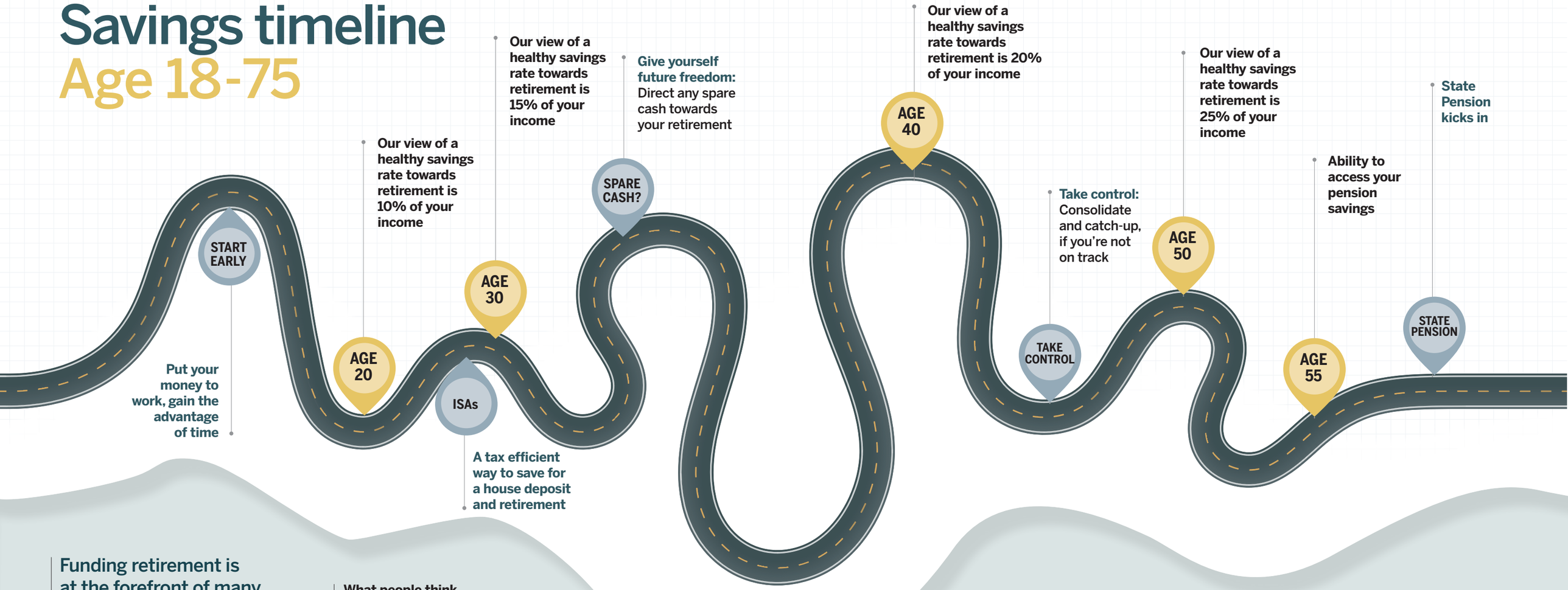
Roadmap to Retirement

Create a route to a secure future

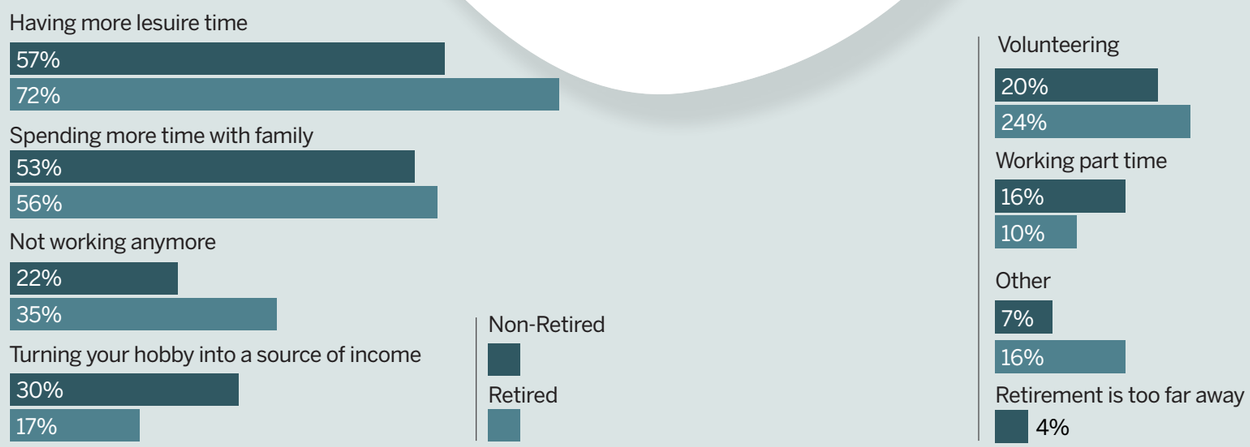
Savings timeline
Age 18-75



Funding retirement is at the forefront of many people's minds, but how well are you preparing for it and how do those already in retirement feel about their situation?

Source: Schroders spoke to over 22,000 people who invest from 30 countries around the globe about retirement to see if and how expectations differ from reality.

What people think about retirement



"Many of our clients have been with us for decades. We have helped them through the evolution of their pension schemes, from inception to maturity. We understand each stage and the associated responsibilities."
Philip Harper
Financial Planner

Starting to save for retirement
Age 18-29

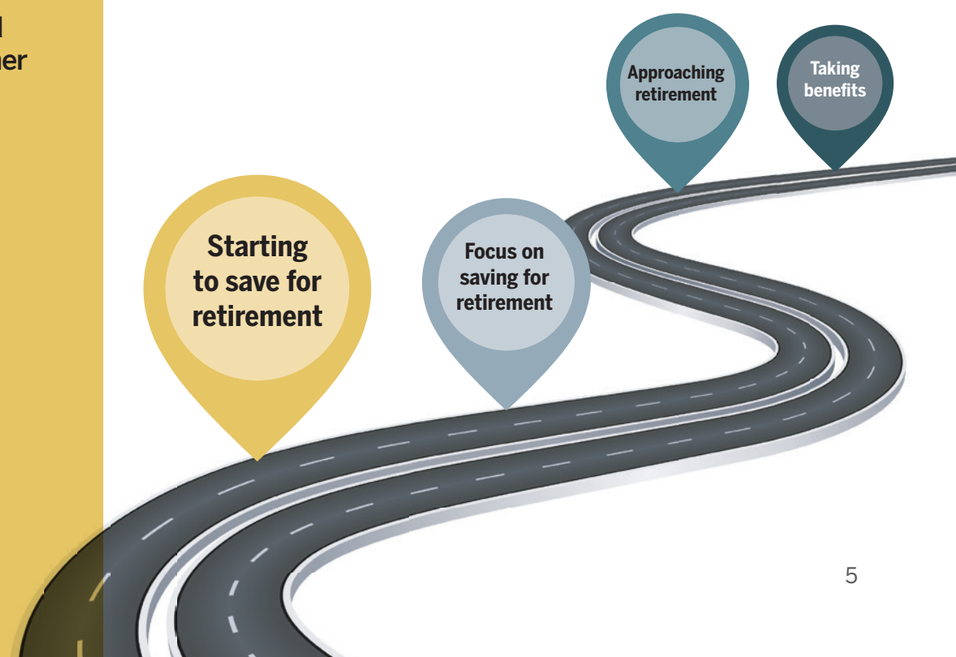
Consider:

- Take time to understand how a pension scheme works
- Attend any workshops offered by your employer
- Register with the scheme provider to view your account on-line
- Don't just settle for a default fund
- Don't be afraid to choose higher risk funds
- Do commit to an affordable contribution each month

It's easy to understand why saving for retirement isn't a priority in your 20s — a decade when advancing your career, not planning for the end of it, seems more important.

But youth is a huge advantage when it comes to building wealth for retirement because it's these earliest contributions that can grow the most. With compounding, you can save a little now and reap big rewards later.

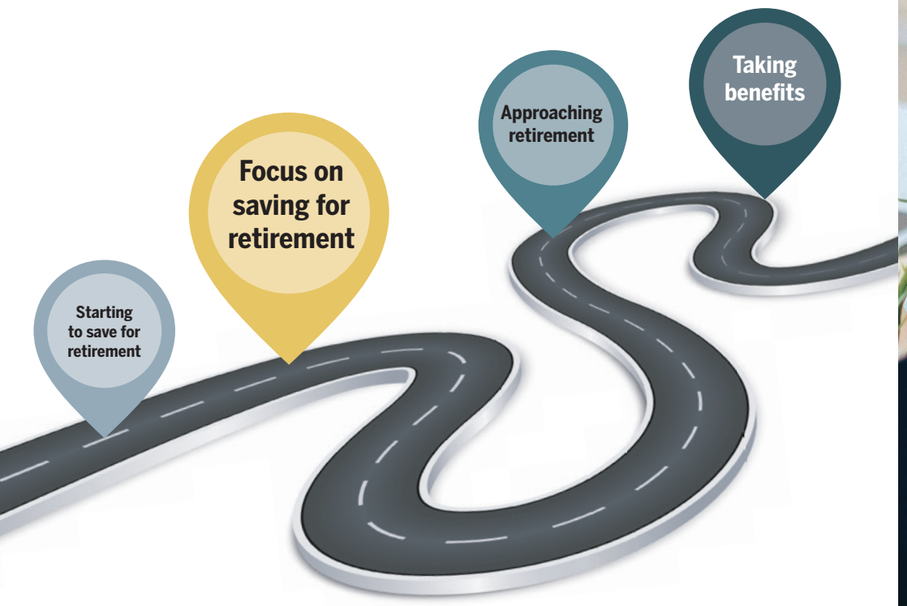
It's sensible to consider your investment strategy. You could have as much as 40 or 50 years until you need to draw your pension, so you can afford to take more risk. Over this length of time, you can ride out the ups and downs of the stock market.



Focus on saving for retirement
Age 30-49

The stage in life when your earning power is likely to have increased. This is the ideal time to start directing any spare cash into your retirement plan by increasing the amount you save for retirement.

Saving enough during your working life will not just give you freedom to manage your finances more flexibly, it will also help you secure a more comfortable lifestyle in retirement. The size of the fund you'll need will invariably be daunting: if you plan to retire at 65, you will probably need a pot worth more than £500,000 to provide you with an annual income of £20,000.



Consider:

Evaluate whether to consolidate existing plans into one arrangement

Make sure your nominated beneficiary(ies) are up to date and valid (treatment of death benefits)

Look to appoint a financial adviser to help and guide you in the right direction

Adopt an appropriate investment strategy (don't merely go along with a default fund)

Don't just pay the minimum required, start to beef up your funding if affordable

Remember single top up contributions can be made.

Employees might consider using Bonus Sacrifice

Use your ISA allowance to give you additional flexibility and a tax advantage

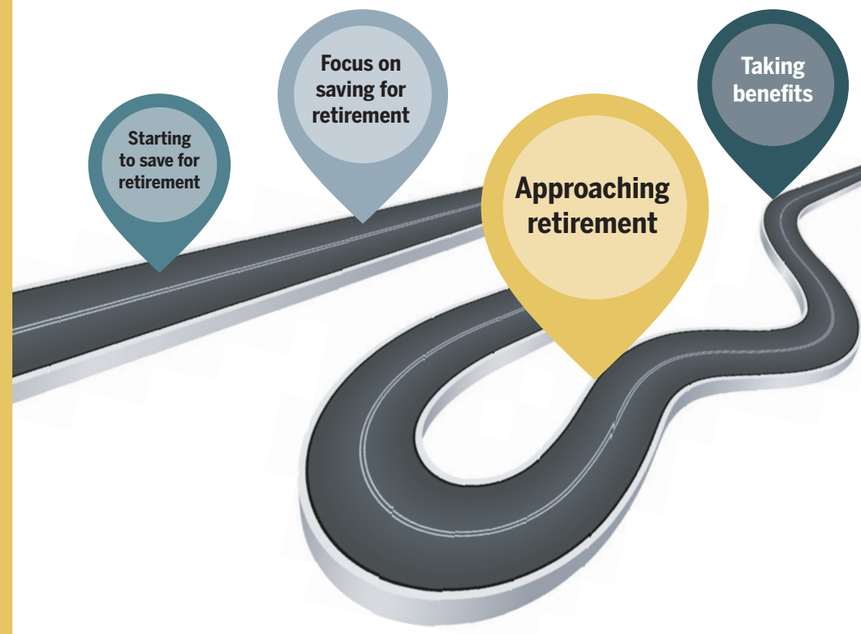
Consider:

- Conduct a pre-retirement financial and tax planning review
- Understand the different ways in which pension benefits can be taken
- Consider how using the death benefit options can provide inheritance tax savings
- Obtain a state pension forecast
- Set yourself a realistic goal, including retirement age and budget needs
- With the help of your adviser, fully embrace your retirement cash flow plan
- Look at whether a SIPP might be a more appropriate retirement savings vehicle
- Make single contributions from wider savings to boost pension funding
- Understand the value of your State Pension

Approaching Retirement Age 50+

Thoughts of retirement start to become much more concrete in your 50s, whether you're planning to stop working or not. Indeed, from the age of 55 you can start accessing your pension savings, whether you've retired or continue to work.

It's a good time to take proper control of your plans. Most people will have built up a series of pensions by the time they reach their 50s, but it's well worth consolidating these where possible. It will be easier to manage and monitor and you may benefit from lower costs.

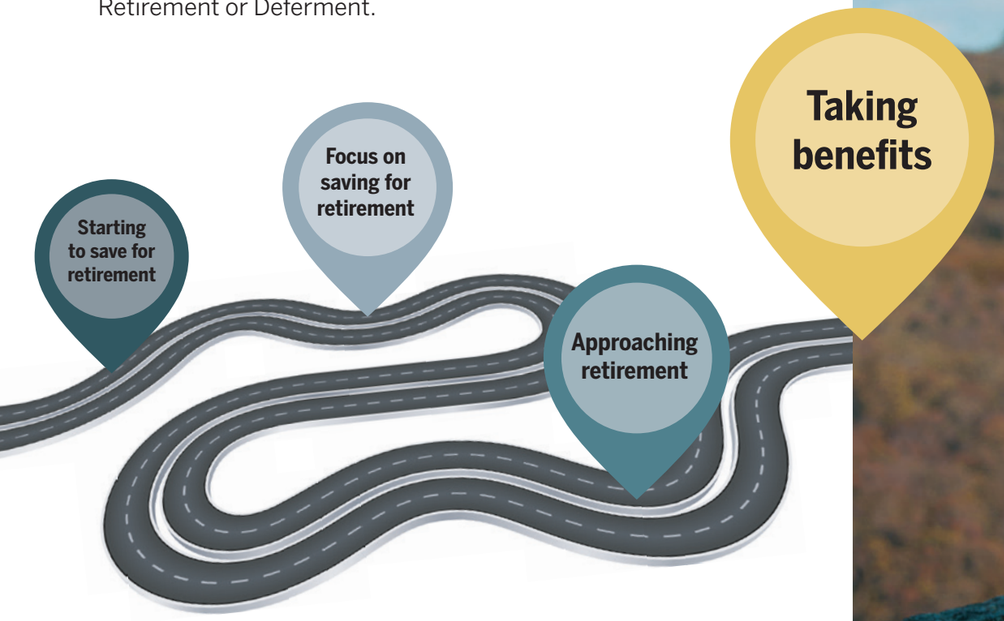


Taking your benefits
Age 55-75

Although it's now possible to work well into your 70s and beyond, by the time you reach your 60s retirement will finally seem a possibility. As well as thinking about how you'd like to spend the money you've saved, you should take time to ensure your retirement plans are in order.

Benefits can be drawn from age 55 and at any stage from then a Tax-Free Lump amounting to 25% of the fund value can be extracted and used for any purpose.

The remaining fund may also be drawn as a lump sum but will be subject to income tax. You may also wish to consider other options: Lifetime annuity, a Flexi Access Drawdown, Phased Retirement or Deferment.



Consider:

Consider how and when you plan to take your pension income

Understand all the income options available to you

Consider how your other investments can help you achieve a higher pension income

Ensure your investments are diversified and have some protection from volatile markets

Consider inheritance tax

Ask yourself if you need to continue contributing to your pension fund