

## Having a plan

In the articles I have been writing in the Advertiser, I started by looking at what retirement means today and I then went on and looked at spending and sources of income in retirement. Whether you are already retired or retirement is some way off, I believe it is crucial to have a plan. I'm not just speaking about a financial plan but also knowing your goals and what you want out of life. The financial plan should be to support these goals.

### **“Failing to plan is planning to fail”**

Obvious but true. Everyone's plan is individual although it is clearly important that your plan is shared with the people who are important in your life.

Looking at the financial side of things; on the spending and income side, I've covered:

Expenditure (I hope some of you have been able to sort out your spending)

State pensions

Private pensions

Investments

Putting all these elements together will give you a snapshot of what your finances in retirement will look like. It is possible to build more sophisticated plans that project forwards with what if scenarios but this is more likely the domain of the professional adviser. At a very basic level the outcome can be one of the following:

Not got enough

Got enough

Got more than enough

These outcomes will then determine the actions that need to be taken.

Not got enough

Here the options are more limited but will include:

- Continue working (possibly part-time)
- Make sure that you have all the state benefits that are due to you
- Use any savings or capital you have to support your income needs
- Use your house to downsize or use products such as equity release to access some of the money that is tied up in your home
- Cut down on your spending

Got enough

It's important that this remains the case. Areas to consider would be:

- Tax efficient use of investments (e.g. Individual Savings Accounts)
- Having assets that will not get eroded by inflation
- How well your finances will cope with changes in circumstances
- Making sure that your investments are regularly reviewed and continue to support your goals

Got more than enough

In this case, it remains important to make the most of your money as above but it is also likely that you will be leaving an inheritance and inheritance tax planning can avoid unnecessary tax on death. The nil rate tax band for inheritance tax is £325,000 and in the case of a couple, each will have a nil rate band of £325,000 in the current tax year. It is for assets above this amount that inheritance tax planning will focus.

In all cases, it's important to review your plans as your life moves forwards.

Clearly the closer you are to retirement, unless you have already been planning for it, the less opportunity you have to save for your retirement goals. For those who are still some way off retirement, the opportunity is there to set your goals and build a financial plan to support them.

I am able to offer advice on all aspects of financial planning.

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