



THORNTONS WEALTH

PLAN FOR TOMORROW, LIVE FOR TODAY

Helping you achieve your financial goals

CREATING WEALTH FOR CHILDREN

Investing isn't just a luxury reserved for adults

CHANGING TAX LANDSCAPE

Time to take a different view and organise your financial affairs?

PLAN THE PERFECT RETIREMENT

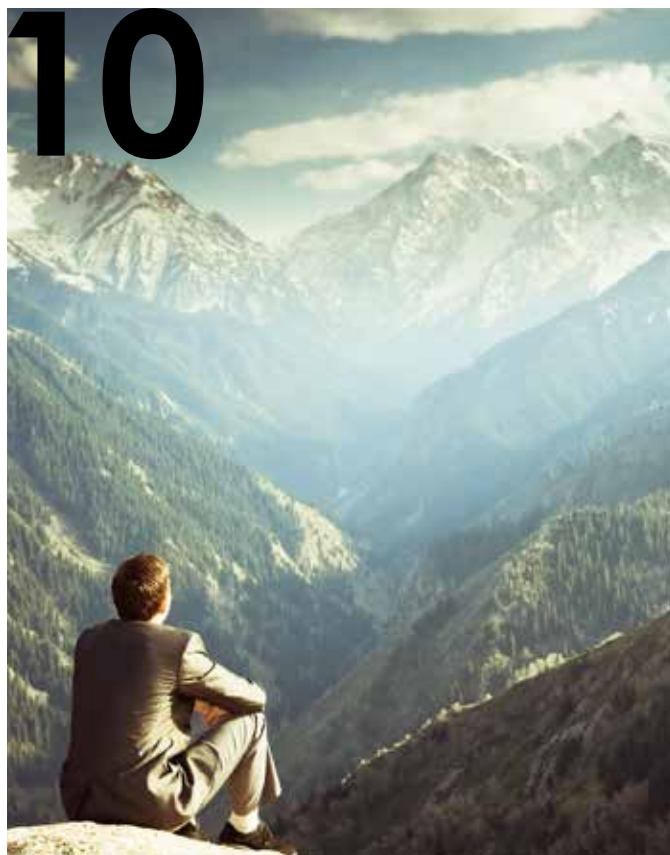
Creating a comfortable, secure retirement takes care and forethought

Thorntons Wealth

Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU

T: +44 (0)1382 797600 **E:** enquiries@thorntons-wealth.co.uk **W:** www.thorntons-wealth.co.uk

Thorntons Wealth is a trading name of Thorntons Investment Management Limited (SC438886) and Matheson Financial Consulting Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. They are authorised and regulated by the Financial Conduct Authority.



CONTENTS

04 PLAN FOR TOMORROW, LIVE FOR TODAY

Helping you achieve your financial goals

06 HOW TO FUTURE-PROOF YOUR FINANCES AS A PARENT

A momentous event that can change every aspect of your financial stability

08 CREATING WEALTH FOR CHILDREN

Investing isn't just a luxury reserved for adults

10 CHANGING TAX LANDSCAPE

Time to take a different view and organise your financial affairs?

12 PLAN THE PERFECT RETIREMENT

Creating a comfortable, secure retirement takes care and forethought



Thorntons Wealth

Whitehall House, 35 Yeaman Shore,
Dundee DD1 4BU

T: +44 (0)1382 797600

E: enquiries@thorntons-wealth.co.uk

W: www.thorntons-wealth.co.uk

Thorntons Wealth is a trading name of Thorntons Investment Management Limited (SC438886) and Matheson Financial Consulting Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. They are authorised and regulated by the Financial Conduct Authority.



WELCOME TO THE LATEST ISSUE OF THORNTONS WEALTH MAGAZINE.

Welcome to our latest edition. Inside, whatever stage of life you've reached and whatever the status of your current financial situation, you could see a vast improvement in the future by setting financial goals. Most people are intrinsically motivated by goals and will work hard to achieve them. The key steps toward financial security are to translate them into your own terms. What, exactly, are your personal financial goals?

The coronavirus (COVID-19) pandemic has had a shattering effect on the country. Future-proofing your finances can help you feel more secure about what lies ahead – whether that's preparing for big life mile-stones, such as starting a family, or navigating difficult periods, such as unemployment or poor health.

Saving for a child today is a wonderful gift for their future. Whether you want to help them buy their first car, contribute to their first home or even set them up for a comfortable retirement, there is little more fulfilling than providing financial security for your children or grandchildren. So, the earlier you can start investing money for your children, the more chance it has to grow before they need it as an adult.

Tax planning should enable you to arrange your affairs in ways that postpone or legally avoid taxes. No one likes to pay tax on their hard-earned money, so by employing effective tax planning strategies you could have more money to save and invest or more money to spend. Or both.

If you're 10 to 15 years from retirement, you're probably starting to think more about how you'll spend your life after work. You might be contemplating travelling more, dedicating more time to your passions or enjoying more free time with your family. We provide five tips to help you get started.

We hope you enjoy reading this issue. You can also forward our magazine to someone else you know that would like to receive a complimentary copy. ■

Best Wishes,

Rory Matheson,
Director

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change, and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results.

PLAN FOR TOMORROW, LIVE FOR TODAY

Helping you achieve your financial goals

WHATEVER STAGE OF LIFE YOU'VE REACHED AND WHATEVER THE STATUS OF YOUR CURRENT FINANCIAL SITUATION, YOU COULD SEE A VAST IMPROVEMENT IN THE FUTURE BY SETTING FINANCIAL GOALS. MOST PEOPLE ARE INTRINSICALLY MOTIVATED BY GOALS AND WILL WORK HARD TO ACHIEVE THEM.

The key steps toward financial security are to translate them into your own terms. What, exactly, are your personal financial goals? If you have trouble sorting them out, try classifying them as either wants or needs.

Go a step further and add short-term, medium-term and long-term to the descriptions. Now you have some useful labels you can apply to your priorities. If you're not sure where to start or what your goals should be, we'll help you provide a framework to consider them.

IMPORTANCE OF SETTING FINANCIAL GOALS

Goals are a core element of any financial planning, since you can't create a strategy without knowing what you are working towards. Your goals are the things that will motivate you to manage your finances better and you should use them to frame every financial decision that you make in everyday life.

To build an effective strategy based on your goals, they need to be specific, achievable and personal to you. They're also there to measure your progress and celebrate success.

PROCESS OF SETTING PERSONAL FINANCIAL GOALS

Before determining how you want your finances to look in the future, you need to understand how your finances look today. Take note of any assets you currently have: your savings, your pension, your investments, your home and any other assets of value, such as your car or your business.

Review your debts, for example, your mortgage, your student loan, and any overdrafts, bank loans and credit card debts. Compare your income and your outgoings.

A FEW QUESTIONS TO ASK YOURSELF:

- Do I feel as if I'm currently working towards achieving my goals?
- What changes do I need to make today for my goals to become a reality in future?
- How do I visualise my life in five, ten or twenty years from now?
- What would I do if my job and income suddenly disappeared?
- What are my most pressing financial concerns I need to address?
- What financial matters keep me awake at night?

ATTACH A MEANING TO YOUR GOALS

To improve your chances of success, be realistic, use actual figures and set time limits. Then ask yourself why that goal is important to you. Attaching a meaning to your goals makes them more powerful.

SETTING EFFECTIVE FINANCIAL GOALS

It's sensible to create at least one goal in each of the following categories:

Debts: If you have outstanding debts and are paying high rates of interest, your top priority should be paying them off, as this will usually make a bigger difference to your financial situation than saving the equivalent amount of cash and receiving a lower rate of interest. Prioritise high-interest debts, such as credit cards.

Savings: 'Pay yourself first' by automating your savings. Assign an amount you'd like to add to your savings within the next year and write down a record of what you're saving for, whether that's a deposit to buy a house or any other goal personal to you. **Investments:**



From the old adage of saving for a rainy day to planning a comfortable retirement, most of us have investment goals in our life. Whatever your personal investment goals may be, it is important to consider the time horizon at the outset, as this will impact the type of investments you should consider. The more time you have, or the more flexible the timing, the more investment risk you can afford to take with your money.

Pension: Your retirement may still seem a long way off, but even so, now is the time to get serious about your financial plan and the best way to start is to focus your retirement goals. Taking the time to think about your most important priorities means you'll be better able to target

spending and saving in accordance with what you want to achieve, both now and in the future. The end goal is to make you financially secure and independent in retirement, which should provide a major incentive to be proactive. ■

TIME TO CREATE THE LIFE YOU WANT?

Whether you need help in setting your financial goals, or you've established them but don't know what you need to do to achieve them, professional advice will help. If you're unsure about the best approach for you, talk to us to discuss your options. Please contact us for more information.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

HOW TO FUTURE-PROOF YOUR FINANCES AS A PARENT



A momentous event that can change every aspect of your financial stability

THE CORONAVIRUS (COVID-19) PANDEMIC HAS HAD A SHATTERING EFFECT ON THE COUNTRY.

FUTURE-PROOFING YOUR FINANCES CAN HELP YOU FEEL MORE SECURE ABOUT WHAT LIES AHEAD – WHETHER THAT’S PREPARING FOR BIG LIFE MILE-STONES, SUCH AS STARTING A FAMILY, OR NAVIGATING DIFFICULT PERIODS, SUCH AS UNEMPLOYMENT OR POOR HEALTH.

One of the areas that tends to cause some anxiety is managing household finances with the additional cost of each child. Starting a family is one of the most momentous events in the life of a couple and it can change every aspect of your financial stability. Although you don't need to be financially well off to start a family, it is essential that you plan and budget for it.

The estimated minimum cost of bringing up a child from birth to their 18th birthday, excluding rent and childcare costs, is £153,000 over 18 years for the child of a couple and £185,000 for the child of a lone parent[1]. The lone parent figure is higher because certain fixed costs of having children are offset by greater adult savings for the couple. Most notably in the case of transport, since the cost of having a car is offset by greater

savings on public transport fares when there are two adults rather than one.

Whoever said the best things in life are free obviously didn't have children. Let's face it: kids are expensive. But, of course, they're worth every penny. Here are some areas to consider for new parents.

CREATE A BUDGET

A good first step in reducing anxiety

about general expenses is to know what you're spending. You're less likely to be overwhelmed by a bigger-than-expected bill if you know it's coming. If you don't have one already, starting a budget is essential.

If you haven't done so already, grab your calculator, bank statements and bills and draw up a household budget. Go back over the last few months and review your income (salary, overtime, benefits and any other income sources) and spending.

Create categories for spending, such as 'debts', 'bills', 'groceries', 'entertainment', et cetera and mark them as 'essential' or 'non-essential' so you can identify any areas where you can cut back. If you're spending more on certain categories than you expected, set a realistic goal for how much you'd like to bring that spending down.

SET FINANCIAL GOALS

Now that you know where you stand financially, you can plan where you'd like to be in the future. Consider what you want to achieve, and then commit to it. Set SMART (specific, measurable, attainable, relevant and time-bound) goals that motivate you and write them down to make them feel tangible. Then plan the steps you must take to realise your goals, and cross off each one as you work through them.

Be specific about what's most important to you. One of the big 'hidden' costs of having children may be the need for more space. For example, your highest priority might be saving for a larger home for your children to grow up in.

Or you might be saving to send your children to a particular school. Be accurate about how much you'll need for these goals and break that down into a monthly saving schedule.

UNDERSTAND YOUR ENTITLEMENTS

Most people are entitled to financial support when starting a family, such as maternity and paternity pay and child benefit.

- Statutory Maternity Pay is paid at 90% of your average weekly earnings for 6 weeks and then £151.97 (or 90% of your

average weekly earnings if this is lower) for 33 weeks.

- If you are not entitled to Statutory Maternity Pay you may be able to claim Maternity Allowance at up to £151.97 a week for 39 weeks.
- If you already receive certain benefits and this is your first child, you may be entitled to a one-off payment of £500, called the Sure Start Maternity Grant.
- Depending on your circumstances, you may be entitled to child benefit, tax credits or child disability benefit.

PROTECT YOUR FAMILY AND LIFESTYLE

Even if you have sufficient cash savings to cover emergencies or periods of lost income, you also need to consider different types of insurance that would pay out in these instances. You need to ensure you are properly protected should you find yourself out of work due to an accident or sickness, or if you were to die prematurely. Parents with young families need protection the most.

Parents considering cancelling insurance such as life cover or income protection as a way of saving money need to think long-term. It could have catastrophic implications on the family's finances if either you, your spouse or partner became unable to work or were no longer around.

- **Income protection insurance** – provides a regular income in case you are not able to work due to illness or injury.
- **Critical illness cover** – provides a tax-free lump sum payment if you're diagnosed with certain specified serious illnesses.
- **Life insurance** – provides either a lump sum or regular income for your family if you're no longer here.

PLAN FOR RETIREMENT

Your retirement may seem a long way off and a low priority compared to the financial needs of your young family now. But it's

important to stay on track with your pension contributions through your twenties and thirties, as it's the investments you make now that have the best opportunity to grow.

Look at how much you're contributing and obtain professional financial advice to see how much income this might provide in retirement. If you're paying into an employer's pension scheme, a small increase in contributions might make a bigger difference than you think. Often, your contributions will be matched by your employer, and you'll also receive tax relief, which provides an instant boost to your savings and helps the fund to grow faster than other kinds of investment.

SEEK PROFESSIONAL ADVICE

Of all the things that cross your mind in the run-up to having children, it's fair to say that the impact on your finances will not be the thing you wish to dwell on. But how you plan to manage your money both before and after the patter of tiny feet should be a consideration once you've decided you'd like to start a family.

Creating a budget, choosing protection insurance and planning for retirement can all be difficult to manage alone. Seeking professional financial advice will enable you to benefit from expert opinion and make you feel confident about your family's finances. ■

PLANNING FOR YOUR CHILD'S FUTURE

The cost of raising a child won't always be the first thing parents think about when deciding to have a family, and regardless of the cost, people wouldn't change having children for the world. Staying on top of everything while also planning for your child's future can be challenging. To discuss how we can help you plan for the retirement you want, please contact us.

Source data:

[1] Child Poverty Action Group – *The Cost Of A Child In 2020 - October 2020*



CREATING WEALTH FOR CHILDREN

Investing isn't just a luxury reserved for adults

SAVING FOR A CHILD TODAY IS A WONDERFUL GIFT FOR THEIR FUTURE. WHETHER YOU WANT TO HELP THEM BUY THEIR FIRST CAR, CONTRIBUTE TO THEIR FIRST HOME OR EVEN SET THEM UP FOR A COMFORTABLE RETIREMENT, THERE IS LITTLE MORE FULFILLING THAN PROVIDING FINANCIAL SECURITY FOR YOUR CHILDREN OR GRANDCHILDREN.

It's worrying to think about the expenses they will face as adults. So, the earlier you can start investing money for your children, the more chance it has to grow before they need it as an adult.

But, to ensure that the value of their money isn't eroded by inflation, taxes and fees, you'll need to choose the right investment approach. Here are some of the options you may wish to discuss with us.

JUNIOR ISAS

A Junior Individual Savings Account (JISA) is the children's equivalent of a regular Individual Savings Account (ISA) and works in much the same way, protecting the capital within it, and any capital growth, from Income Tax and Capital Gains Tax. You can choose between a Junior Cash ISA and a Junior Stocks & Shares ISA, or a child can have one of each.

Only a parent or guardian can open a Junior ISA on a child's behalf, but anyone can pay into it, up to a limit of £9,000 in the current tax year (that limit may change in future tax years). The UK tax year starts on 6 April each year and ends on 5 April the following year. Once a child turns 16, they gain control of their ISA, but they cannot make withdrawals until they turn 18.

JUNIOR SIPPS

A Junior Self-Invested Personal Pension (Junior SIPP) is a type of pension you can open on behalf of someone who is under 18. While we often think of a pension as a product for adult workers, opening one for a child has many benefits.

Investments in a Junior SIPP have more years to grow before the pension holder retires, and so can benefit greatly from compounding returns. If appropriate, due to the very long-term nature of the investment, it's possible to take a higher-

risk approach than with shorter-term investments, which has the potential to yield greater rewards.

As with an adult pension, all growth is protected from Income Tax and Capital Gains Tax. So, it could take away some of the burden of retirement planning as an adult. For a child with no earnings or earnings below £3,600pa, contributions are currently capped at £2,880 a year, totalling £3,600 after tax relief is applied, in the current 2021/22 tax year.

TRUSTS

Trusts are a legal agreement where you – the 'settlor' – place assets into a trust and nominate a trustee to manage those assets (whether it's money, buildings, land or investments) on behalf of your child or children, known as the 'beneficiaries'.

BARE TRUSTS

A bare trust is an investment vehicle that allows you to invest capital on behalf of a child while retaining full control of the investments until the child turns 18, or 16 in Scotland.

Along with the initial capital, any return generated by a bare trust will belong to the child. It will therefore be taxed as such, usually meaning that there is less tax to pay than if the investments were held by the adult, since a child has their own personal allowances for income and capital gains. Under parental settlement rules for income tax, if the income exceeds £100 each year then the whole amount will be taxed as the parent's.

There is no upper limit on how much can be invested each year in a bare trust.

DISCRETIONARY TRUSTS

The main difference between a bare trust and a discretionary trust is that a

bare trust is held on behalf of a specific, named individual or individuals, while a discretionary trust is held on behalf of any number of eligible individuals.

For example, a grandparent may open a discretionary trust that any of their grandchildren or future grandchildren can benefit from. Who benefits from the trust will ultimately be decided by the trustees.

The tax treatment of a discretionary trust can vary depending on your specific financial situation, so you should seek professional financial advice before opening one. ■

WANT TO FIND OUT MORE ABOUT HOW TO GET STARTED?

When it comes to investing in your child's or grandchild's future, putting aside just a small amount of money on a regular basis can really add up. Each option comes with specific advantages and risks. If you'd like to find out more about how to get started, please get in touch with us today – we look forward to hearing from you.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION & TRUST ADVICE.

CHANGING TAX LANDSCAPE

Time to take a different view and organise your financial affairs?

TAX PLANNING SHOULD ENABLE YOU TO ARRANGE YOUR AFFAIRS IN WAYS THAT POSTPONE OR LEGALLY AVOID TAXES. NO ONE LIKES TO PAY TAX ON THEIR HARD-EARNED MONEY, SO BY EMPLOYING EFFECTIVE TAX PLANNING STRATEGIES YOU COULD HAVE MORE MONEY TO SAVE AND INVEST OR MORE MONEY TO SPEND. OR BOTH. YOUR CHOICE.

It's important to organise your financial and tax affairs to make the most of every tax-free allowance available to ensure you're not paying more tax than you need to.

Keeping up with the latest changes to your tax and pension allowances can be difficult, so we've provided a summary to help you manage your tax affairs more effectively. The UK tax year starts on 6 April each year and ends on 5 April the following year.

HOW MUCH IS THE INCOME TAX PERSONAL ALLOWANCE IN 2021/22?

The Income Tax personal allowance is £12,570. This is a slight increase from the previous year; in 2020/21 the personal allowance was £12,500.

The Income Tax personal allowance has been frozen until 2026, meaning that there will be no more increases until the tax year 2026/27.

WHAT ARE THE INCOME TAX BANDS FOR 2021/22?

The upper limit for the basic rate tax band in England, Wales and Northern Ireland is £50,270. Again, this is a slight increase, from £50,000 the previous year. The basic rate of Income Tax remains at 20%

The higher rate tax band applies to income above the basic rate band but not over £150,000pa and the additional rate tax band applies to income over £150,000. Income above the basic rate tax band but below £150,000 is taxed at 40%, and income exceeding £150,000 is taxed at 45%.

In Scotland, the bands and tax rates applying to non-savings, non-dividend income (e.g. applying to earned and pension income) are slightly different. The personal allowance is the same, and income of between £12,571 and £14,667 is taxed at 19% (starter rate). Income between £14,668 and £25,296 is taxed at 20% (basic rate). Income between £25,297 and £43,662 is taxed at 21% (intermediate rate). Income between £43,663 and £150,000 is taxed at 41% (higher rate) and income over £150,000 is taxed at 46% (top rate).

HOW MUCH IS THE PENSION ANNUAL ALLOWANCE IN 2021/22?

The pension annual allowance is £40,000. This is the limit on how much you can contribute to your pension while claiming tax relief, providing those contributions are worth up to 100% of your annual earnings (£3,600 p.a. if more).

NOT EVERYONE IS ENTITLED TO THE FULL ANNUAL ALLOWANCE:

- If you earn less than £40,000 a year, you are only entitled to claim tax relief on your pension contributions up to a maximum of 100% of your earnings (£3,600 if more).
- If your adjusted income is more than £240,000, you'll likely be affected by the 'tapered' annual allowance, which reduces by £1 for every £2 you earn above this threshold.
- If you have accessed your pension, you may have triggered the Money Purchase Annual Allowance, which is £4,000. You are also allowed to 'carry forward' unused pension allowance from up to three previous years (not if you are subject to the Money Purchase Annual Allowance). In the three most recent tax years, the total annual allowance was also £40,000.

HOW MUCH IS THE PENSION LIFETIME ALLOWANCE (LTA) IN 2021/22?

The pension Lifetime Allowance (LTA) is £1,073,100. This is the limit on how much you can accrue within your pension savings in your lifetime before you incur an additional tax charge.

The pension LTA has been frozen until 2026, meaning that there will be no more increases until the 2026/27 tax year.

HOW MUCH IS THE STATE PENSION IN 2021/22?

For those reaching state pension age after 5 April 2016, the State Pension is £179.60 a week. That's an increase of £4.40 a week from 2020/21, or £228.80 more across the whole year.

For those with only a post 5 April 2016 National Insurance record, to claim the full State Pension, you must have 35 qualifying years on your National Insurance contributions record. If you have fewer than ten qualifying years, you won't be entitled to any State Pension. Transitional rules apply to those who also have a pre 6 April 2016 National Insurance record.

You may be able to make voluntary National Insurance contributions to record more qualifying years of National Insurance contributions.

HOW MUCH IS THE INDIVIDUAL SAVINGS ACCOUNT (ISA) ALLOWANCE IN 2021/22?

The personal Individual Savings Account (ISA) allowance is £20,000, which is the same as the previous tax year.

This means that you can save or invest up to £20,000 in one ISA, or two or more ISAs of different types, and any growth on your savings or investments is free from Income Tax and Capital Gains Tax and any withdrawals are free from tax.

HOW MUCH IS THE CAPITAL GAINS TAX ALLOWANCE IN 2021/22?

The Capital Gains Tax allowance is £12,300. This is the same as the previous year. It has been frozen until at least 2026.

HOW MUCH IS THE INHERITANCE TAX NIL-RATE BAND IN 2021/22?

The Inheritance Tax nil-rate band is £325,000. This is the same as the previous year.

When leaving a property to a direct descendant on your death, there is an additional allowance called the 'residence nil-rate band', which is currently £175,000.

The residence nil-rate band was due to rise with inflation in April 2021, but both thresholds have been frozen until 2026. It still means, however, that married couples and registered civil partners can leave up to £1m on their deaths free of Inheritance Tax. ■

START PLANNING TODAY

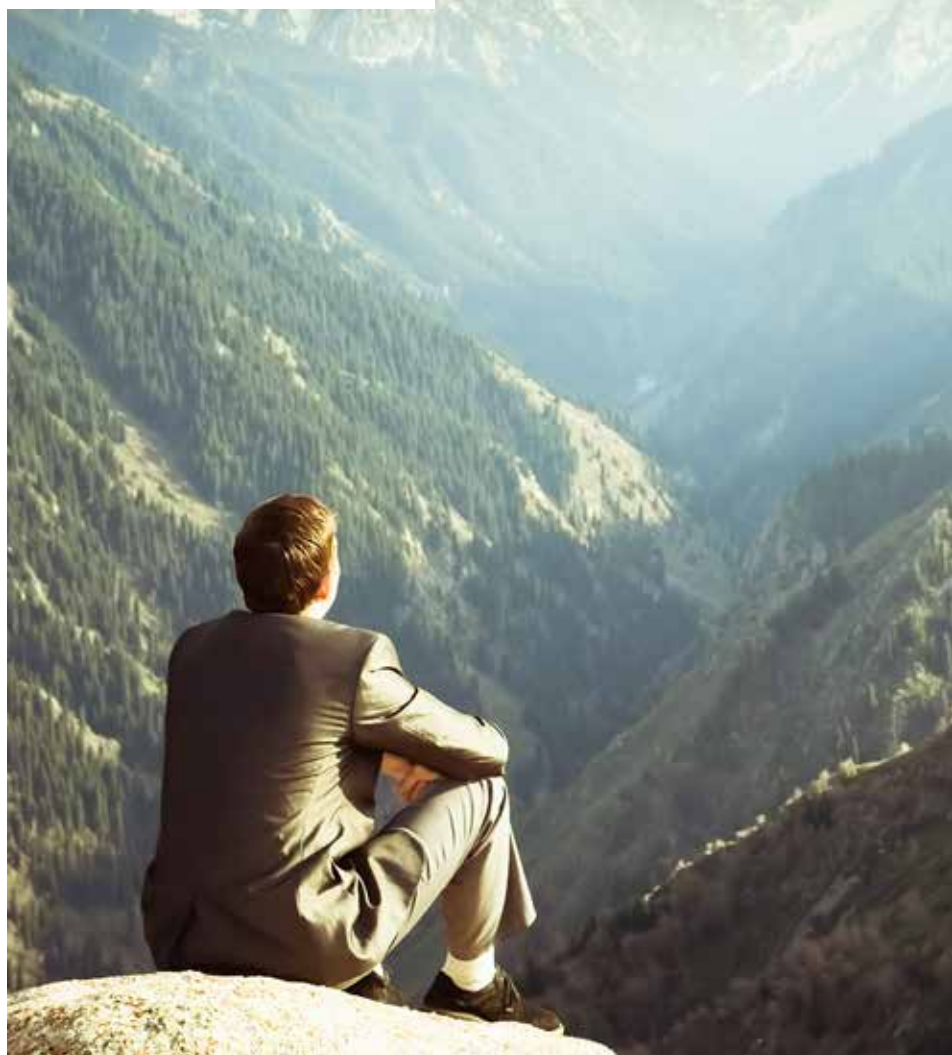
The UK taxation system can be daunting and complex, so it's important to understand your individual situation and analyse whether you are taking advantage of the tax planning solutions available to you in order to plan effectively. To discuss how we could help you, please contact us for further information.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION & TRUST ADVICE.



PLAN THE PERFECT RETIREMENT

Creating a comfortable, secure retirement takes care and forethought

IF YOU'RE 10 TO 15 YEARS FROM RETIREMENT, YOU'RE PROBABLY STARTING TO THINK MORE ABOUT HOW YOU'LL SPEND YOUR LIFE AFTER WORK. YOU MIGHT BE CONTEMPLATING TRAVELLING MORE, DEDICATING MORE TIME TO YOUR PASSIONS OR ENJOYING MORE FREE TIME WITH YOUR FAMILY.

However, are you concerned that the idea of a financially comfortable retirement is increasingly unattainable? You might have some concerns about your pension savings and whether they'll provide the income you need. If you haven't already done so, now is the ideal time to take stock of your current situation and make any necessary alterations to ensure you're on track.

HERE ARE FIVE TIPS TO HELP YOU GET STARTED.

1. Calculate your expected retirement spending

Everyone has a different idea of the ideal retirement and so will have different spending needs. Looking at your current outgoings is a good place to start. Calculate how much you spend each month on paying down debts, paying bills, essential spending and non-essential spending.

Then, consider what might increase or decrease over your retirement. For example, you may be reaching the end of your mortgage, which will mean your debt payments go down. But you might plan to take up a new hobby, which will mean your non-essential spending goes up.

Remember to factor in any large lump sums you plan to spend, such as helping your children with property deposits or taking a dream holiday.

2. Review your current wealth

You might have accumulated several different workplace pensions with different employers over your lifetime, so you'll need to total the savings you have in all of them. Start by contacting previous employers to find out the name of the pension provider. If you don't have the details of each pension, we can help you trace them.

Remember, it's not only pension savings that can dictate your retirement spending, but also other sources of income, such as buy-to-let properties or investment portfolios, so be sure to include these too.

3. Maximise your pension savings

If your current pension savings won't cover your expected retirement spending, you can adjust your current financial arrangements to help you reach your goal.

You may also want to make lump sum payments into your pension. If a lump sum would take you over the £40,000 pension annual allowance, you can use unused annual allowance from up to three previous years.

Your pension annual allowance is the most you can potentially save in your pension pots in a tax year (6 April to 5 April) before you have to pay tax, unless there is carry forward available.

4. Adjust your investment strategy

Your pension savings might currently be invested based on a higher-risk strategy to maximise the potential returns on your investments. But as you approach retirement, you may want to choose a lower-risk strategy with an emphasis on preserving the wealth that you have rather than growing it.

Lower-risk strategies tend to result in fewer losses and slower, but more predictable, growth. That can be preferable when you're trying to ensure your savings last a lifetime. We can help you establish the right strategy for your risk appetite and goals.

5. Consider a phased retirement

Some people want to stop working as soon as possible, but that's not the right choice for everyone. They may dream of an early retirement in their mid-50s, but once they leave

behind their workplace at such a young age they might not find retirement fulfilling. Also, the amount in their savings or portfolio may not reflect what they'll need to enjoy the coming years and lifestyle they want.

These days, there is a trend for people increasingly deciding to slowly reduce the hours they work over a few years or to take on a part-time job in the early years of their retirement to keep busy and continue to contribute to a pension. Others may use a lump sum at the start of their retirement to establish a small business. There are many different retirement journeys that might suit your lifestyle and financial goals. ■

FEELING UNCERTAIN ABOUT YOUR RETIREMENT?

Making all these decisions alone can be stressful, and no one should enter retirement feeling uncertain that their savings are sufficient to last a lifetime. Seeking professional financial advice can give you peace of mind so that you can relax and enjoy this next life stage. Speak to us for more information or to discuss your requirements.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028). THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION WHICH ARE SUBJECT TO CHANGE IN THE FUTURE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS-TESTED BENEFITS AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.