

Press Release

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Nearly Half Face an Uncertain Retirement

A recent survey[†] has found that 45% of people are unsure if they have made adequate provision to fund their own retirement.

Southampton based financial planning company, NorthStar Wealth Management has analysed recent data on retirement planning and said it leads to some worrying conclusions. The company says that people need more help when it comes to this area of their finances.

Changes introduced in April 2015 allow anyone over 55 to access their pension however they wish. Many commentators warned that a significant number of people would encash their entire pension pot as they were disillusioned with pensions and their perceived complexities.

NorthStar Wealth Management founder and Chartered Financial Planner, James Thompson said "The new pension freedoms are great but people need to take care and really think about their options and how this might affect their lifestyle. It's equally important to plan for retirement early and not wait until you reach retirement age to start thinking about it".

Half the respondents in the survey on retirement said they weren't able to afford a proper retirement plan and 35% said it was because they did not have the time or knowledge to create a plan. Commenting on these findings, Thompson added "It's not good that this affects so many people. Help and advice is out there from free sources like the Money Advice Service and Pension Wise as well as financial planning firms. We help people every day to get on track to a great retirement with a few simple steps".

Encouragingly for Thompson, the survey reveals that for a third of people, generating a retirement income was their main financial priority but despite this 42% of those in the 45-54 age group were concerned they did not have enough time left to generate adequate financial provision for retirement.

"People retiring today can often expect to live for another 20 or 30 years in retirement" said Thompson. "It's never been more important to save and invest for your older age". But he warned against thinking retirement was all about pensions, explaining that people can fund their retirement with many different things like savings, ISAs and buy-to-let property - adding that most people will also get a State Pension.

"Some people think the State Pension will help them live the life they want when they retire, but when you crunch the numbers it soon becomes clear most people need to save a more" continued Thompson. "We help our clients to 'know their number' - how much money they need to ensure they never run out of money and can always have the lifestyle they want in their older age". Thompson says that without knowing this, saving for retirement is often a hit and miss affair.

NorthStar Wealth Management encourage their clients to first think about the retirement lifestyle they want. They then help cost this out and calculate a retirement fund required. The firm then creates a plan to achieve this target and tracks progress using

sophisticated modelling tools. Thompson says that after this process is carried out, for some clients it isn't a matter of saving more for retirement; it can be a case of telling them they can retire now and have everything they want. "That's the best conversation I can ever have with a client" said Thompson. "Telling someone they can quit their job whenever they like and they'll always have enough money is simply fantastic."

"Whether you go into the detail and accuracy we do for our clients", concluded Thompson "or you sit down and work out a few numbers on a piece of paper, you really do need a retirement plan - a plan that you check up on and re-assess from time-to-time. Without knowing what you're aiming for or how you're doing, it's hard to achieve what you want and retire happy".

† 'The planning gap: why reality may not match expectations' (2015). Total sample size was 2,217 adults. Survey conducted using an online interview administered to members of the YouGov Plc UK panel of 350,000+ individuals.

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