



LOWES

*Where personal finances
are cared for personally*



7 things to do if you're retiring today

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Retirement is a major life event and it pays to plan carefully for this exciting stage of your life. Now is the time to define what your ideal version of retirement looks like.

Making the transition from work to retirement can sometimes feel daunting, with lots of factors to consider, especially how long retirement can now last, as a result of rising life expectancy.

We've written this short guide to describe 7 of the most important things we believe you should be thinking about if you are retiring today or in the near future. As a successful retirement is about more than just money, we've covered some of the legal, health and social things to consider too.

Getting your pension planning right is important too; the decisions you make with your pensions to provide capital and income to support your retirement are some of the most important financial decisions you will make in your life.

Exactly how much you will need to support your desired lifestyle in retirement will depend on your cost of living. It's possible to plan for this and calculate a precise number, giving you a target for your retirement savings.

Before reading this guide, it's good to have an understanding of your various sources of retirement income. This might include your state pension, any defined benefit (final salary) pensions, and your savings and investments.

We hope you find this guide informative. If you would like to discuss your own plans for retirement and how Lowes Financial Management can help, please do call us on **0191 281 8811** or email enquiry@Lowes.co.uk to get in touch.



Make a budget

Budgeting is the cornerstone of sound financial planning. When you start the retirement stage of your life, it's just as important to have a household budget so you can manage your income and expenditure.

Your spending is likely to change in retirement compared to how and where you allocated expenditure during your working life. Some areas of expenditure will reduce by virtue of no longer working, and others will invariably increase.

As a general rule of thumb, you might expect your spending in retirement to be 70-80% of your spending when you were at work. This doesn't work for everyone though, as our goals for retirement differ depending on our ambitions and lifestyles.

In our experience, our clients tend to spend less in retirement on mortgage costs, as in many cases mortgages have been fully repaid to coincide with a planned retirement date.

Mortgage repayment is something clients consider when forming their retirement plans. In an ideal world, your debts should be cleared (or at least dramatically reduced) before entering retirement. This will mean paying off as much debt as possible so you lower monthly debt payments.

Other costs that typically reduce as a result of retirement include commuting and the cost of clothing required for work.

However, areas of expenditure which tend to rise when people retire include holidays, household utilities and healthcare.

You also need to consider how rising price inflation might affect your income requirements in retirement. Price inflation will reduce the buying power of a fixed income over longer periods of time, making it especially dangerous to your financial health in retirement.



With price inflation typically rising at a faster pace than interest on cash savings, holding money in cash for longer period of time can erode the buying power of your wealth. It's therefore important to understand the impact of price inflation in retirement and how you might factor in ways to keep your capital and income rising in line with rising prices.

No two retirements are the same and it's important to create a retirement budget that suits your own individual goals and objectives.

The key here is knowing and understanding how much money you will need in order to retire comfortably. The onus is very much on you to ensure your money doesn't run out in later life, especially if you underestimate your life expectancy.

During a free initial consultation with a Lowes Consultant, we will work to ensure you achieve your objectives for effective wealth planning.

For a free initial consultation, call: 0191 281 8811 or visit: [Lowes.co.uk](https://www.lowes.co.uk)



Update your will

Making a will is the only way to make sure your family fully understands your wishes, and that your wishes are carried out when you die. In the UK, there seems to be a reluctance to make a will, with around 60% of adults reportedly not having a will in place*.

If you die without a valid will, you die 'intestate', which means the value of your property and other assets is passed to other people according to the law, rather than your own wishes.

From a retirement planning perspective, you also need to ensure that any unused pension wealth can be passed on to your family for their use, rather than going to the taxman. Pension death benefits can be a complex area of retirement planning, so do speak to us for advice.

In order to draw up your will when you retire, a good starting point is to make a list of everything you own. This should include the value of your home as well as savings, investments and other financial policies. A Lowes Consultant can help you draw up a comprehensive list.

Once you have this list in place, you need to decide how you want to divide these assets when you die. You may also wish to leave a donation to a charity of your choice when making this decision. You can also include in your will details about the type of funeral you want.

You can write your own will, but this is one area where it's important to seek professional advice as mistakes can be costly for your children or grandchildren to deal with later.

If you already have a will in place, it's important to review the document to make sure it continues to reflect your wishes. This is especially important after any major life events, such as marriage or divorce. In any case, it makes sense to review your will at least once every five years so it remains up to date.

Making sure that you can pass on your wealth to the right people, at the right time, will be one of the most valuable things you can do for you and your family. For a free initial consultation, call: 0191 281 8811 or visit: [Lowes.co.uk](https://www.lowes.co.uk)

*Research conducted by Opinium Research 22-25 September 2017 2,001 online interviews with UK adults.



Get a Lasting Power of Attorney

Another important legal document to consider when you retire, if you haven't done so already, is a Lasting Power of Attorney. This gives someone you trust the authority to handle your affairs, should you lose mental capacity in the future.

There are two types of Lasting Power of Attorney (LPOA).

One type covers your financial affairs, including paying bills and making investment decisions.

The other type of LPOA is for health and care decisions. This might cover where you live, any medical care you need to receive and even life saving treatment, should you give special permission to cover this.

It is important to note that the person, or people, you trust (who is called an 'attorney'/'attorneys' under a LPOA) will make these decisions on your behalf only if you are no longer able to make them for yourself.

This loss of mental capacity is carefully considered before a LPOA is activated and there are various safeguards in place to protect your interests.

It is considered good practise to put in place at least a financial affairs Lasting Power of Attorney, and ideally both types.

Importantly, these legal documents need to be put in place before they are needed. In order to delegate financial or health decisions once mental capacity has been lost, an expensive and lengthy court application is needed instead.

To make, register or end a LPOA, visit: [gov.uk/power-of attorney](https://gov.uk/power-of-attorney), talk to Lowes on 0191 281 8811, or to your solicitor.



Examine insurance cover

As we enter retirement, our insurance needs often change. The types of insurance we needed during our working lives, for example to insure against the loss of income, become less relevant.

Entering retirement should however prompt a thorough review of the various insurance policies you have in place.

We often find that retirees struggle to let go of insurance policies in retirement where they have been paying premiums for years and feel cancelling now would represent a 'lost investment'. The more we pay into something, the harder it is to give up; even if rationally it makes no sense to keep paying into the future!

Decisions about insurance in retirement should be based on the risks you face and the affordability of relevant types of cover.

Retirees who would lose a significant part of their income should one spouse or partner die first might consider a policy to insure against this risk.

Some parents enter retirement with financially dependent children still on the scene, which can make insurance an important consideration.

Families with sufficient wealth that will result in a big inheritance tax bill will also often consider the use of insurance in retirement. This 'whole of life' assurance is designed to pay a lump sum, tax-free when paid into a suitable trust arrangement, on the death of the second spouse or partner. This money is then available for children or other beneficiaries to pay the inheritance tax bill.

It's important not to automatically assume that insurance needs disappear with retirement. They are likely to change as you make the transition from work to retirement, but they need careful review before making these important financial decisions.

Our aim is to provide you with sound independent financial advice to help you understand risk, minimise uncertainty and make informed investment decisions for you, your family and future generations

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Start volunteering

...Or embrace a hobby!

Planning a successful retirement is about more than the financial side of things. It's so important to consider how you will spend your time in later life, carrying out activities that will substitute the sense of purpose you got from your career.

Volunteering is a popular choice for new retirees. It's a great way to put your experience and interests to work in your local community, supporting causes you are passionate about and giving you that new sense of purpose.

It's also a brilliant way to make new friends and maintain regular social interaction. This is important for your emotional well being, preventing loneliness, and has even been shown to help ward off dementia and other cognitive diseases.

Volunteering is also positive for your physical health in retirement, keeping you active. Depending on the type of volunteering you decide to do, you might be spending time outside getting plenty of regular exercise and fresh air as part of the activities.

Deciding where to start if you've never volunteered before can be tricky, with thousands of opportunities available to consider.

Start by considering your skills and how these might benefit local charities or organisations. You can also try to match volunteering opportunities to your hobbies and interests.

A great resource to find volunteering opportunities is the website do-it.org.uk.



Take your health seriously

Retirement is a good prompt to get a healthcare checkup and speak to your GP about habits that will help to maintain health in later life.

Later life is often associated with serious health problems, which tend to afflict us as we age. There are however some simple and practical steps we can take to reduce the risk of age-related health problems in retirement.

It's important to move on a regular basis. A brisk 20 minute walk everyday is a good way to maintain your cardiovascular health in later life.

With muscle typically wasting as we get older, you should also (after seeking medical advice) consider visiting the gym once or twice a week to lift weights and maintain your muscle mass.

Many will tell you how valuable they have found stretching exercises to maintain flexibility, mobility and balance as they get older. Classes such as Pilates and yoga can be of great benefit here.

As well as regular exercise, a good diet is important. There's a temptation to snack when we have free time. Your extra spare time could be put to better use by experimenting with new recipes in the kitchen.

Health in retirement should be about your physical and mental health. You can exercise your mind by learning a new language, studying for a new qualification and meeting regularly with friends.

When health is poor in later life, it can result in needing long term care due to illness or disability. Care can be very expensive, especially if residential or domiciliary care is needed.

With people living increasingly longer lives, often with periods of poor health towards the end of life, it's important to save for more years than you might expect.



Meet with an Independent Financial Adviser

Retirement is a major life event and it makes sense to meet with your Independent Financial Adviser whenever your circumstances change.

If you're retiring in the near future, it's important to sit down with a Lowes Consultant and review all of your personal finances. They will be able to ask searching questions to uncover the things you may have missed as you plan for this next stage of your life.

Part of the process will involve updating your Financial Plan, making sensible assumptions about the future to demonstrate you can comfortably afford your intended lifestyle in retirement without too great a risk of running out of money by the end of your life.

Your Financial Plan should be kept under regular review; after all, investment markets and key factors such as price inflation rarely follow the plan, which means your forecasts need to be updated annually.

You might need to make minor adjustments each year to your budget or the amount of investment risk you are taking, in order to stay on track.

One of our core objectives at Lowes is building long term relationships with our clients in order to help you build and preserve wealth for you and future generations. Our highly qualified team will work together to deliver the best possible returns, based on an implicit understanding of your financial circumstances, risk preference, expectations and needs.

Every client receives a comprehensive financial review in order to build, assess and adjust their financial wealth. This thorough fact-find process will establish financial values objectives and will be maintained by a Lowes Consultant, together with an extensive support network of highly qualified Technical, Investment, Research and Administration teams.

For a free initial consultation with a Lowes Consultant:

Call: 0191 281 8811

Visit: [Lowes.co.uk](https://www.lowes.co.uk)

Email: enquiry@Lowes.co.uk



Your Retirement Checklist

We hope you find this short guide and series of tips useful as you plan your retirement. Here's a quick summary of the 7 things you should do if you're retiring today.

Make a budget ✓

Update your will ✓

Get a Lasting Power of Attorney ✓

Make a bucket list ✓

Start volunteering ✓

Take your health seriously ✓

Meet with your Independent Financial Adviser ✓

Lowes Financial Management

As one of the longest standing and most respected Independent Financial Advisers in the UK, we have been providing sound Independent Financial Advice to our clients and their families for generations.

Our team of highly qualified Consultants, Analysts and support staff collectively implement our personal approach to financial planning enabling us to help clients build, protect and pass on their wealth.

There are few Independent Financial Advisers in the UK with a pedigree which matches that of Chartered Financial Planners Lowes Financial Management. As one of the largest privately owned IFAs, we have been forging successful long term relationships with clients for almost 50 years.

The keystone upon which Lowes and its clients have prospered is our personal approach to financial planning, enabling us to help clients with their goals to build and ultimately protect their wealth.

Lowes has almost £1bn assets under management and 96% of clients rate our investment advice as 'good' or 'very good' in our last two biennial surveys. Over 80 people work for the firm in some capacity. As well as providing investment management, Lowes can advise on inheritance tax planning, pensions, long term care and other general financial planning issues.



Get in touch

As Independent Financial Advisers we provide you with an unbiased, whole of market guidance and market insight in order for you to make the best and most informed financial decisions to suit your individual circumstances.

We know that financial matters can be challenging throughout our life stages. It's important to sit down with a Lowes Consultant as we are here to help guide you through it.

To arrange a free initial consultation with a Lowes Consultant:

Call: 0191 281 8811

Visit: [Lowes.co.uk](https://www.lowes.co.uk)

Email: enquiry@Lowes.co.uk

We look forward to working with you and your family.



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