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FINANCIAL SERVICES

Millions change retirement plans post-EU vote

Turbulence in the economy has left many feeling confused

The UK's decision to leave the EU has left over two million[1] people planning to change their retirement plans.

It's undoubtedly a thought-provoking time for many approaching retirement and even more difficult for retirees to know what is right for them. It's essential you have access to professional financial guidance and regulated financial advice at a time when you are deciding how you will receive an income for the remainder of your life.

UNDERSTANDING THE OPTIONS AVAILABLE

It's also important to have a clear understanding of the options available if you don't want to delay and do want to retire now – for example, a fixed-term annuity offers a guaranteed income for a set period without tying someone in for life. No matter what anyone decides to do, taking professional advice at retirement has never been more important.

Findings from LV= research has revealed of those approaching retirement, more than one in four (27%) have changed their retirement plans in some way as a result of the economic environment following the vote.

'WAITING TO SEE' HOW THE ECONOMY PANS OUT

Of those changing plans, nearly a third (30%) say they're definitely postponing their retirement and continuing to work instead – equivalent to 690,000 people. A similar percentage (33%) are planning to 'wait and see' how the economy pans out.

Even among those who haven't necessarily changed their plans, around four in ten (43%) say they would 'work on' rather than retire in the current climate, and more than a third (36%) would wait until Britain leaves the EU before making any decisions.

NOW MORE LIKELY TO TAKE FINANCIAL ADVICE

Unsurprisingly, the economic uncertainty has left a third (32%) feeling confused about their options,

and a quarter (25%) are worried that the vote has affected the value of their pension. However, despite consumers' uncertainty, it's very worrying to see that only around one in ten (12%) said they're now more likely to take financial advice.

WHAT DO YOU NEED TO CONSIDER?

Think about all of your assets – If you're concerned about the value of your pension, remember you may have other assets that could help with your retirement, including other savings, investments or equity in your property. You should also make sure you identify any lost pension pots using the Pension Tracing Service*.

Check your State Pension** – If you're eligible to start drawing your State Pension, this could offer you some income without you having to start taking money from your personal or workplace pensions. Finding out how much you're eligible for is quick and easy to do online.

Consider different products – Most people will be familiar with annuities that provide a fixed income for life, and many also know about income drawdown products that allow you to take your money more flexibly. But there are other products available if appropriate, like fixed-term annuities, which provide a guaranteed income but with the flexibility that you're only tied in for a set period of time. You can also use a mix of products these days so that your needs are met throughout retirement.

Most of all, take your time – Overall, the most important thing is to ensure you don't rush into a decision, and you take the time to consider all the options available – after all, it's your money and it's your choice. ■

*www.gov.uk/find-pension-contact-details

** www.gov.uk/check-state-pension

MAKE THE MOST OF YOUR RETIREMENT OPPORTUNITIES

Regardless of the life stage you have arrived at, it is important to receive expert and professional advice on your pension plans and requirements. Whether you need to set up or review existing retirement planning strategies, we can help you make the most of your retirement opportunities. For more information, please contact us.

Source data:

[1] There are 17.6 million over-55s in the UK (ONS population maps). 10.2 million are over 65, and of these around 1 million still work (DWP). This leaves a population of 8.4 million UK adults aged 55+ and NOT retired.

Of the over-55s surveyed, 27% said they'd changed their retirement plans somehow due to the vote to leave the EU (equivalent to 2.3 million people). Of these people, 30% said they would definitely postpone retirement and continue working as a result of the economic environment. 30% of 2.3m = 690,000 people postponing retirement.

LV= commissioned Opinium Research to conduct bespoke research among a sample of 1,000 UK residents who are over 55 years of age and NOT yet retired. Surveys were conducted online between 8 and 14 December 2016 and are nationally representative.