



# Is Your Retirement Clock Ticking?

**I**n the final ten years prior to your planned retirement date, to begin with you need to calculate what you are worth. As a starting point establish what your likely state pension entitlement will be. You should also contact the pension trustees of your current and previous employers, who will be able to provide pension forecasts, as will the companies managing any private pension plans you hold.

Next you need to look at how much income you will need in retirement. It's important to be realistic. You may spend less if you are not commuting to work, but don't forget to include holidays, travel and any debts you may still have. If you are currently on target to receive less than you will need, you should obtain professional advice about how you could make up a shortfall.

During the final ten-year period in the run-up to your retirement, it's crucial that you maximise savings. This may not only mean contributing to pensions but into other investments that may include Individual Savings Accounts (ISAs). You also need to consider whether options such as retiring later or working part-time beyond your retirement date may be a more realistic way of meeting your retirement goals. It is not only how much you save but where it is invested that can make a difference, so you should also review your investment strategy.

Use this opportunity to carry out an audit of existing pension plans; look at where they are invested, how they have performed and what charges are levied on them. Don't forget also to find out whether there are guarantees on any plans. Now will also be an appropriate time to obtain professional advice about whether it makes sense to consolidate your existing pension plans, perhaps into a Self-Invested Personal Pension (SIPP), or to take steps to protect capital values.

## Steps

You can take to catch up on a shortfall

If you are in your fifties, pension planning has never been so important, which is why there are a number of steps you should take to improve your pension prospects if you discover you have shortfall. Planning for retirement is one of the biggest financial challenges people face and the one you can least afford to get wrong.

There are a number of guaranteed products that could help you achieve this. As part of your review, look at the diversification of your assets, as this can help protect against sudden market movements. With a ten-year time frame, investors need to weigh up the risks of equity investments against safer cash based products. Generally, the nearer to drawing your pension you are, the less investment risk you should take. But over this period it is reasonable to include equities within a mixed portfolio, particularly given the very low returns currently available on cash.

Bonds, gilts and some structured products may also provide a halfway house between cash and equities. When you enter the next phase of your retirement planning – five years or less to go – you need to review your specific retirement goals. Obtain up-to-date pension forecasts and review your retirement plans. Consider moving stock market-based investments into safer options such as cash, bonds or gilts. If there is a sudden market correction now, you may have insufficient time to make good any losses.

The value of investments and the income from them can go down as well as up and you may not get back your original investment. Past performance is not an indication of future performance. Tax benefits may vary as a result of statutory change and their value will depend on individual circumstances. Thresholds, percentage rates and tax legislation may change in subsequent finance acts.

If you've lost details of a pension scheme and need help contacting the provider, the Pension Tracing Service may be able to help you trace 'lost' pensions and other investments. It's also important to maximise savings. Save what you can, utilizing pensions, ISAs and other investments.

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Also don't forget to consider your spouse's pension. If you have maximised your pension contributions it is also possible to contribute into a partner's pension plan. Higher earners and those in final salary schemes should ensure any additional pension savings do not exceed the lifetime allowance, as this could mean you end up having to pay a tax bill. Don't leave it until the last minute to decide what you will do with your pension plan. Many people fail to consider their options properly and simply buy the first annuity offered by their pension provider. This can significantly reduce your income in retirement and there is no second chance to make a better decision.

There are now many more retirement alternatives, from investment-linked and flexible annuities to phased retirement options, as well as the conventional annuities and income drawdown plans. To find out what is most appropriate for your particular situation, you should obtain professional advice.

**Need More Info?**  
Please contact us for enquiry

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