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RETIREMENT

The 9 BIG Mistakes….

"How to Avoid Them and Squeeeeze More Enjoyment into Every Single Day of Your Retirement"

Clive Barwell TEP FCSI CFP
Accredited member of the Society of Later Life Advisers

www.clivebarwell.co.uk

"RETIREMENT!"

The 9 BIG MISTAKES…..

"How to Avoid Them and Squeeze More Enjoyment into Every Single Day

Hello and thank-you for taking the time to download this special report I have put together for you. I spend more time talking about retirement than any other subject and one thing I know for sure is that…….

Retirement is a conundrum.

Why? Because on one hand, I'm sure most people look forward to a time when we can do all the things we haven't had time for during our busy working lives. On the other hand, we can easily be so busy during our working years that we arrive at retirement physically (and perhaps mentally) ready to retire but otherwise unprepared for many of the changes that retirement brings…..

And it’s not just the financial changes that can make retirement a challenging time in our lives. As you read through this report, you will:

1. See that there are many life changes coming your way after you have retired.
2. Understand that planning for your retirement is the best (and only) way to ensure that when you arrive at your last working day, the rest of your life is the best of your life.

Don’t procrastinate…..

It’s never too late (or too early) to start the planning process. It doesn’t matter if your retirement is 15 years away or tomorrow, there are always things that you can do to make the best of your retirement, so read on, avoid the mistakes that can spoil the enjoyment you want in retirement and start your journey to a happy retirement today.

MISTAKE #1

Failing to plan for your retirement

As you move towards retirement age, most of your focus will, understandably, be placed on money and the question of "Will I have enough?"

But…..

Let's put the financial aspects of retirement to one side for a second. If you spend some time talking to people who have already retired (as I do regularly) they will tell you that apart from the money aspect (which is obviously important), there are other areas of their lives that they could and should have prepared more for in advance of retiring.

How your life has been structured?

Since the age of 4 or 5, when you started school, if you're like most people, your life has had a structure imposed on it. First during your years of education through school and maybe college & university before moving on into the structure around your working life.

In between the structure of course is the often restricted leisure time you have that helps you unwind from the stresses and strains of work. Holidays, leisure & sporting activities (like playing golf) as well as spending time with family.

However, when you retire, for the first time in maybe 60 years, all of that structure you have become so familiar with is stripped away.

Suddenly, you have all the time you could wish for. There is no longer the need to be in a particular place at a certain time on a daily basis "but what is it replaced with?"

"MORE LEISURE TIME"

I hear you shouting back at me and of course that's what we all look forward to in our retirement. A time when we can spend our days doing all the things we didn't have time for during our "structured" working life.

But many of my retired friends and clients tell me that their own perspective of leisure time is now somehow very different from how they viewed it during their time at work. For them, leisure time was an 'escape' from work, a way to unwind, but in retirement, leisure time has become the "backbone" to their day. Whilst it may be fun to start with, there is a limit on how much time you spend on golfing, gardening, child-minding, holidays, etc before that becomes as much of a chore as work did before retirement.

Which is why having a plan and a structure for what to do with your 'new found' free time is so important. Gaining so much free time back and what to do with it is a challenge that you need to be prepared for.

Actions to consider:

- ✓ Restructure your days

Restructuring your days in advance of your retirement to minimise the impact of your retirement is something that you may be able to start to do well ahead of the big day. Although it may have financial implications, many employers will consider accommodating changes to your working day.

Some options worth considering/discussing with your employer may be:

- Reducing your number of working days
- Reducing your number of working hours each day
- Working from home some days
- Reduce the amount of work you take home for evenings and weekends

By spending less of your time travelling to and from and in the work place, it will become easier to make the final leap once you have retired. The most important thing to remember is that you will need to use the time you have created for yourself constructively. It will not help to simply stay in bed an hour longer or sit and watch the TV because it will become a habit that is hard to break when you fully retire.

✓ Take up a new hobby or leisure activity

As you start to restructure your days, you will create time that can be filled by one or more activities. Try a number of different ones to see which interests you the most.

Many of the people with whom I speak who have recently retired also tell me that retiring from work not only takes away the structure from their day but also leaves them with a sense of loss that comes from no longer being part of something. Whilst working, they felt that they had a value, a purpose and were **contributing** towards society. Work gives us that feeling through being part of a **team** and provides us with a sense of **achievement**, even if it's something as simple as a "pat on the back" from a colleague or a "thank-you" from a customer. This **recognition** and **acknowledgement** validate our sense of worth and motivate us to do more. Planning activities that will replace this sense of value are key to planning for your retirement.

Actions to consider:

- ✓ Volunteer your time and skills?

What better way to remain active and feel a sense of contribution than to give your time, energy, skills and enthusiasm to community groups and charities. There are many groups around the UK both local and national who would welcome you with open arms. It's a good idea to look for groups involved in activities that interest or even inspire you.

As an example, a group of local retired people who have a passion for passing on local history to future generations have set up a Heritage Centre. The centre is manned by local volunteers who not only give their time but also pass on their own experiences to visitors.

- ✓ Start a small business/take a job on a part time basis?

Why would you want to carry on working? Because….
This can help with both the additional time you will have available and the loss of your full-time working income when you retire. Lots of people take the opportunity to "top-up" their retirement income with a "low pressure" job or even taken the opportunity to set up a small "light touch" business generating an extra revenue stream.

If you can have the small business set up and generating income before you retire, so much the better…..

One area of your life that will definitely change when you retire is your **Social Circle.** If you are like most people, your circle of friends will include work colleagues and others you have met through work.

Think of all the people you've met over your working life. Are they still friends now? Perhaps you socialised at work functions. Your families became friendly and you may have even socialised outside the work environment. But over time and despite all good intentions, you drifted, perhaps to a point where you no longer have contact at all.

It’s not intentional.

Life is busy. People move on and the things you once had in common no longer bind you together in the same way. This is often what happens to many recent retirees who find that people they had daily interaction at work with, no longer remain in their circle of friends.

Your social circle is definitely an area that you should give some thought to. Who is in your circle of friends? Do you expect that they will still be part of your life after you have retired? What about the people who are in your life now outside of your work? Perhaps you have great neighbours and a real community spirit amongst them, but will you continue to live in your current home and if not how will that change the dynamic of your friendships?

Which reminds me of a story I heard from a colleague of mine…..

“Anne was due to retire from work and decided to sell her home and move to Australia to live with one of her children (who had emigrated). You can imagine what a huge decision this was for Anne. A new start in a different country, selling her home and leaving behind a close circle of friends in her local community. However, with some of her family close by, she felt she was making the right move to make the most of her retirement and the warmer climate helped with her developing arthritis.

Unfortunately, just 15 months after her move came the news that her son and his family would be moving back to the UK, but to a different part of the country from where she had lived all her adult life!!

At a time when she needed friends most, Anne was starting all over again for the second time in just over a year…..”

It’s a story that exposes the reality of not being in control of your own destiny in retirement and this is not the only situation where control of your future can be taken away from you.

Unfortunately, the reality for many people who have retired is that they move away from their family home in later years not because they want to but because they have to. The house may become unsuitable for their needs. Maybe it is too big or health changes mean that they can longer live comfortably in the property.

I recently attended a charity event at which the Chief Executive of the charity spoke about his decision to sell the home in which he and his wife had lived in for most of their married life. The reason he gave was that despite wanting to continue to live there, he had seen for himself too many retired people forced out of their homes due to deteriorating health and moved into accommodation that whilst more suitable for them, was away from family and friends. He wanted to be in control of where he and his wife lived in their retirement and so they had chosen a property suitable for their needs both now and in the future close to their friends and family.

Actions to consider:

- ✓ Decide where will be the best place for you to live

There is a saying “Hope for the best, plan for the worst”. Now is the time to consider how life in your current home would be affected by ill health, a disability or restricted physical movement in your retirement.

It is important to be able to make the decision about where you live yourself rather than have the decision made for you at a later time. Think about the impact of staying in your current property against moving to a new one and what preparation you can make to ensure it's not only your choice but has a positive impact on your retirement.

So we've identified that it's very important that you plan for the non-financial aspects of your post retirement life but what other mistakes do many people make (and you can avoid) in the run up to your retirement.

MISTAKE #2

Not Adjusting to a Post-Retirement Income

Even with the best laid financial plans, chances are that you will notice a reduction in your income during retirement. Of course ideally, you should also notice a significant reduction in your expenditure, paying off the debts and commitments that most of us carry through our working life:

- The mortgage on your home
- Credit cards
- Personal loans
- HP agreements
- Monthly investment plans

However, in my experience very few people heading for retirement adjust the way they spend their money in advance of retiring so that the adjustment is forced upon them rather than planned for.

By the time you retire, you need to be comfortable living on the retirement income you will have available. Don’t get caught out living a lifestyle that is beyond the means you will have available to you.

Some actions you can consider include:

- ✓ Pay off or reduce significantly as many of your existing commitments as possible.
- ✓ Factor any continuing payments into your post retirement expenditure.
- ✓ Look at ways of reducing your monthly expenditure in advance of retirement. The earlier you can start this the better prepared you will be. This has the added benefit of increasing your savings by at least the amount you are saving each month.
- ✓ If you have made the decision to continue to live in your current home, think about some of the major repairs that might be needed after you have retired.
    - Windows need replacing?
    - A new kitchen?
    - How long will the boiler last before it needs replacing?
    - What about the roof, facia and guttering?

  Get these dealt with whilst you are still working and have the income.

MISTAKE #3

Failing to Understand Longevity

When the government of Lloyd George introduced the **State Retirement Pension** in 1909, the average life expectancy in the UK was 47 years of age and a pension was only paid to people once they reached aged 70 (and was means-tested!). Only one in four managed this feat!!!

The great news for all of us today is that average life expectancies are continuing to rise. The downside to this is that for many of us, the amount of time we spend without earning an income is also increasing.

According to recent studies the average life expectancy in the UK for people born in 1942 and now getting close to their retirement is just short of 85 which means that many of that generation will be living 20 years or more into retirement

So many people like you preparing for retirement, simply underestimate the amount of money they will need to live comfortably in retirement.

That said, it is fantastic news that you are more likely to live a longer (and possibly healthier) life than any generation before you. As a result you should benefit from the free time available to you to do all the things that have passed you by, as long as you plan ahead….

Actions to consider

- ✓ Calculate all your post-retirement income and consider how many years you will have this available for. If it's not long enough, identify ways of making some additional plans.

MISTAKE #4

Relying on State Help!!

I think most people are now aware that the UK government has a significant challenge funding state retirement benefits to an ageing population. I commented earlier that for Lloyd George and his government in 1909 only 25% of the population ever reach an age where they could draw on a state funded retirement pension.

They also had the advantage that for every person drawing a state pension, twenty people were working and paying taxes. You may have probably heard that the numbers today are very different with only 3 tax paying workers for every retired person.

We live in a reality in which state funded retirement can only ever be a small part of your total income in retirement. In the tax year 2014/2015, the Government sets a minimum income threshold at aged 65 of:

- £148.35 per week for a single person
- £226.50 for a couple

In the absence of other pension income and if savings are less than £10,000, State Pension will be topped-up to those minimum levels,

Ask yourself, could you live on that?

Actions to consider

- ✓ Review your entire post retirement income stream with your Financial Adviser to identify ways of maximising your pension over and above the state provision.

MISTAKE #5

Failing to Understand the Effect of Inflation

Inflation is one of those subjects that is talked about often but I don't think many people truly understand. There are a number of ways of calculating inflation and perhaps it is this differential approach that reduces the meaning and effect for most people.

The **Consumer Price Index (CPI)** calculates inflation on a wide range of thousands of goods that we would usually buy but excluding things like Mortgage Interest payments and Council Tax

The **Retail Price Index (RPI)** calculates inflation including Mortgage Interest payments and Council Tax. The RPI is still calculated by the ONS (Office for National Statistics) but is no longer considered an appropriate calculation of inflation.

Inflation statistics are used by both government and businesses. It helps set economic policy and perhaps of most relevance is its use in calculating increases in state benefits.

However, the most effective way to understand the impact of inflation is to use a **Personal Inflation Calculator (PIC)** which assesses your regular spending and some other information about your household to create a personal inflation rate. There are a number of good ones available on the internet. You can find one on the BBC website.

The value of understanding inflation as you move towards retirement is that:

1) You can see clearly how the value of your income can be eroded over time by inflation.

2) You will be able to more effectively plan your spending through the different ‘phases’ of retirement which are

Phase 1 – “Out ‘n About” – Hopefully, this first phase will give you the freedom to really enjoy your retirement. With good financial plans in place, your spending will probably be in areas such as holidays, travel, club memberships, leisure activities and all of the discretionary purchases that you have been waiting to have the time for. Having the ability to calculate your personal inflation rate will help you maximise this phase of your retirement.

Phase 2 – “Less active” – Whilst careful planning should help you maximise phase 1 of your retirement, it’s probable that when phase 2 arrives, you will still be independent but will be spending less on the discretionary purchases and more on the “essentials”, perhaps spending more time at home on things like utilities (gas, electric, water, telephone, etc…).

Phase 3 – “Essentials” – This is the point at which retired people start to become more dependent on the help and support of others. This is the stage when the likelihood is that a significant amount of your income will be spent on essential purchases. At very least spending more time at home resulting in spending more on heating and lighting or perhaps paying for assistance to maintain independence at home or funding care fees.

The impact of inflation will vary for each phase of your retirement and your "buying power" may be eroded over time.

Actions to consider

- ✓ Create your own Personal Inflation Rate using a Personal Inflation Calculator and keep it up to date regularly so that you can assess the impact of inflation on your purchasing power.

MISTAKE #6

Being Too Cautious with Post-Retirement Investments

The subject of Inflation moves us nicely onto the next mistake many people make when considering their retirement options and that is being too cautious with their investments.

Of course everyone has their own view of "risk" and how cautious or adventurous they want to be but one of the downsides of being overcautious is that inflation erodes the value of your investments much more quickly than when the risk and therefore the return is slightly greater. Let's use the recent economic downturn as an example:

There have been numerous times over the last 6 -7 years that inflation has been running at a higher rate than many of the interest rates offered by banks and building societies. However, still many people (not just those who are retired) have continued to leave their savings with the banks and building societies largely because of their perceived aversion to risk and the savings protection offered by the Financial Compensation Scheme. In real terms, many savers have seen the value of their savings and therefore their “buying power” eroded during this difficult period.

That is not to say that you should go and find the highest risk investment you can and dump all your money in. Far from it…..

It is important for you to be comfortable with the amount of financial risk you take with any investment. There are many ways to obtain general guidance on this subject. You can also use on-line tools to help you gauge your personal “risk profile”. This helps you to more effectively assess the investment options that are available to you.

Actions to consider

- ✓ Assess your Attitude to Risk using a Risk Profile Tool , which is available in my Blog “Understanding Risk”
- ✓ Read up on some of the investment options available to you.

MISTAKE #7

Failing to take Professional Advice

We have all done it…..

Perhaps it was that bit of DIY that you hoped would save you a few pounds and ended up costing more in money, time and effort than it would have cost to ask a professional to do the work for you. Whatever it was at some point we've all been caught out to a lesser or greater extent by not seeking specialist and professional advice.

Imagine buying a house and carrying out your own property searches and surveys. We might save some money in the short term but look at the risk we would leave ourselves open to (unless this is your field of expertise!!). Yes we pay professionals for the services they offer, but their expertise generally saves us both money and worry in the long term. That's exactly what you should do with your retirement planning.

The Financial Services industry, like any other industry, has had some bad press in recent years but also like other industries there are some excellent services available. If you carry out some research, identify a firm or individual who specialises in retirement planning, then outline what you are looking to achieve and your budget, the right professional can take most if not all of the stress associated with making the most appropriate financial decisions away from you both initially and on an ongoing basis.

Choosing the right financial adviser will have a very positive effect on your retirement planning and bring expertise to this vitally important part of your retirement plans.

When looking for a financial adviser, consider the following:

- Are they Independent?
- What are their fees?
- Is the initial consultation at their expense and your convenience?
- What is the service you will receive?
- What is their specialist area of expertise?

The Society of Later Life Advisers (SOLLA) specialises in helping the over 55's become better informed about financial issues in later life. As a "not for profit" organisation, they can help you find "accredited" financial advisers who offer expert advice specific to your needs.

Unsurprisingly, retirement is one of my areas of expertise. If you would like to ask me to review your situation, go to my website and complete the short contact form.

Actions to consider

- If you don't already have one, consider enquiring about the services of a financial adviser who specialises in retirement planning and later life financial issues. The SOLLA website, for example, has a "Find-an-Adviser" section.

MISTAKE #8

Failing to Review Your Will

Having a Will is a good start. It's a recognition that you know it is important to make arrangements after your death and ensure that the people who are most important to you receive the recognition of your relationship with them.

The problem of course is that life moves on and personal circumstances change so the need to review a Will at least every 5 years is of more importance than ever and yet…..

Many people fail to update their Will to reflect their life changes. For example a re-marriage invalidates a previous Will but a valid Will not only ensures that your wishes are carried out on your death but it can also mitigate other financial issues such as:

- Ensuring the laws of intestacy do not dictate who benefits from your estate. My blog provides more information on the laws of intestacy
- Inheritance tax planning including generational planning
- Care fees planning

One area of particular importance with your will is in choosing the right "executors". It is the executors who are tasked with carrying out your wishes after your death and so it is important to make sure the people you choose are likely to be around after you and mentally able to carry out those duties on your behalf. Choosing executors from your own generation is not sensible planning.

A better course of action is to choose people from a younger generation who you know you can rely on to act in your best interests.

Making and then regularly reviewing your Will puts you in control of the destination of your estate and gives you and your loved ones piece of mind.

There are many different Will services that you can access with varying costs and levels of expertise. Your Financial Adviser, can advise you on how a Will should be set-up to ensure maximum benefit alongside any advice you have been given by them.

Actions to consider

If you don't already have a Will (which is valid and up to date)

- Ask your financial adviser about Will services available or
- Go to my website and complete the short contact form or

Look at the Society of Trust & Estate Practitioners (STEP) website for a list of their members who offer Will services in your area. I am a registered (by STEP) Trust & Estate Practitioner.

MISTAKE #9

Failing to consider Lasting Powers of Attorney

Imagine a time when you are no longer able to make decisions for yourself in the way you do now. Decisions like, managing your bank account, paying your bills, collecting benefits on your behalf or even selling you home.

A lack of conversations with those closest to you is perhaps the most obvious reason why your wishes may go ignored or unfulfilled. If we do not know how to communicate what we want, and those around us do not know how to listen, it is almost impossible to express a clear choice.

These are the kind of "end of life" matters that you need to consider and make plans for whilst you have the capacity to do so. One of the great benefits of a Lasting Power of Attorney is that it can act as a catalyst for you to discuss important "end of life" matters with those closest to you.

In much the same way as a Will gives you control over your possessions and wishes in the event of your death, Lasting Power of Attorney allows you to decide who will make decisions on your behalf in the event that you become unable to make those decisions yourself through mental incapacity. Mental Incapacity is not easy to define but broadly can be explained as *"the inability to make either simple or complex decisions for yourself".*

There are two types of Lasting Power of Attorney (LPA) that can be set up to allow the attorney (decision maker) to make decisions on your behalf:

- **Property and financial affairs** — which gives the attorney the authority to make decisions about the donor's financial affairs. They can do this even while the donor has mental capacity.
- **Health and welfare** — which gives the attorney the authority to make decisions about the donor's personal welfare and healthcare.

To find out more about LPA's, you can read my blog but I think it's important to say at this point that choosing the right attorney (or attorneys) to act on your behalf is key to giving you the peace of mind that comes with setting up a Lasting Power of Attorney.

The attorney(s), like executors of your Will, can be anyone over the age of 18 (including family members) as long as they have the mental capacity to make their own decisions. But when considering someone for this role ask yourself:

- How well do they look after their own affairs? e.g. their finances
- How well do I know them?
- Do I trust them to make decisions in my best interests?
- How happy will they be to make decisions for me?

It has been said that what we fear most about dying is the associated loss of control. LPA's help empower you to express your wishes and give you control over the end of your life.

Actions to consider

- ✓ Visit the "Dying Matters" website to help promote that all important discussion
- ✓ Talk with your family about your wishes and a Lasting Power of Attorney

If you would like me to provide you with a personal consultation on LPA's, go to my website and complete the short contact form.

So there you have it. The 9 mistakes that can turn your retirement dream into a nightmare…. How to avoid them and squeeze more enjoyment into every single day of your retirement.

I hope you have found the information in this report of value. I know from many years working with others who have been planning their retirement, that if you take some or all of the actions suggested you will find that your retirement, when it arrives, will be an enjoyable and stress free period of your life.

Here's to your future

Clive Barwell

Clive Barwell TEP FCSI CFP
Accredited member of the Society of Later Life Advisers

ABOUT CLIVE - Clive Barwell is one of the most experienced and qualified specialist advisers currently working in later life financial planning. A "Satellite Navigation System" for Grannies (and Granddads) is how he's been described.

In addition to being an "Accredited" member of the Society of Later Life Advisers, he is also a "Fellow" of the Chartered Institute for Securities & Investments, a "registered Trust & Estate Practitioner" of the Society of Trust & Estate Practitioners (STEP) and a "Certified Financial Planner".

After a long career as a Financial Adviser in the banking industry, Clive became a self-employed Independent Financial Adviser in 1995, before setting up his own independent financial advice business with Colleagues. In 2008, Clive's IFA business was acquired by Towergate Financial, a national independent financial advice business.

In 2011 he gave up his role as a Director of Towergate to become a salaried adviser in the same business so that he could focus on the most important aspect of his job. Providing financial help and guidance to his clients.

Throughout his career Clive has focussed on helping clients in the post-retirement market as they are the ones who benefit the most from his key skills. His earliest experience of providing financial advice was to the widow of a customer of the Bank he worked for. *"Back in those days, it was not unusual to find a widow who had never written a cheque or paid a household bill, so the ability to explain financial matters in an easy to understand way was essential"*.

FOR A FREE "NO OBLIGATION" REVIEW OF YOUR CURRENT RETIREMENT PROVISIONS, VISIT MY WEBSITE AND COMPLETE THE SHORT ENQUIRY FORM

Married to Patsy, they both enjoy being grandparents to 5 boys and consequently, have first-hand experience of the joys and tribulations of advancing years.

As for his own retirement? Well, Clive says…

"My Father retired from his second career with the Citizens Advice Bureau at the age of 85, through ill-health rather than desire, and I'm planning on having an equally long career!"

NOTE TO READER

Generic financial planning advice is not regulated by the Financial Conduct Authority. The views expressed in this report are those of Clive Barwell personally and do not reflect the view of any company or organisation with which he is associated. Also, nothing in this report is intended to be, nor should be construed as being, advice to follow or desist from following a particular course of financial action. It is strongly recommended that professional financial advice is sought before embarking on any such course of action. Any request for regulated financial advice received through links to this report will be exclusively referred to Towergate Financial, a trading style of Towergate Financial (North) Limited, which is authorised and regulated by the Financial Conduct Authority.