



STRATEGIC | WEALTH MANAGEMENT™

7 STEPS TO PLANNING FOR A SUCCESSFUL RETIREMENT

Part 1

The Art and Science of Retirement Planning



*It's not just about the
money, it's about life*



Introduction

As less work generally means less income, planning for retirement is often focused solely around the financial implications associated with stopping work.

However, we believe the secret to a successful and smooth transition into retirement, is centred around clearly understanding the type of retirement that you want, and will be suited to, **before** contemplating whether you can afford it financially.

We have therefore created a 7 step Retirement Planning process, which covers both the non-financial (the Art) and the financial (the Science) aspects which, if you follow will help you be better prepared for retirement.

In the pages that follow we concentrate on the first 3 steps, which focus on the artistic aspects of successful retirement planning, whilst the other 4 steps, focusing on the science and the financial aspects are covered in Part 2.

We think of it as Art because there are no right or wrong answers. Each person's idea of retirement is as individual as a piece of Art. Beauty is certainly in the eye of the beholder, so the key is to paint your own individual picture. It doesn't matter whether anyone else appreciates your artistic capabilities as long as you, and those closest to you believe it's a masterpiece!

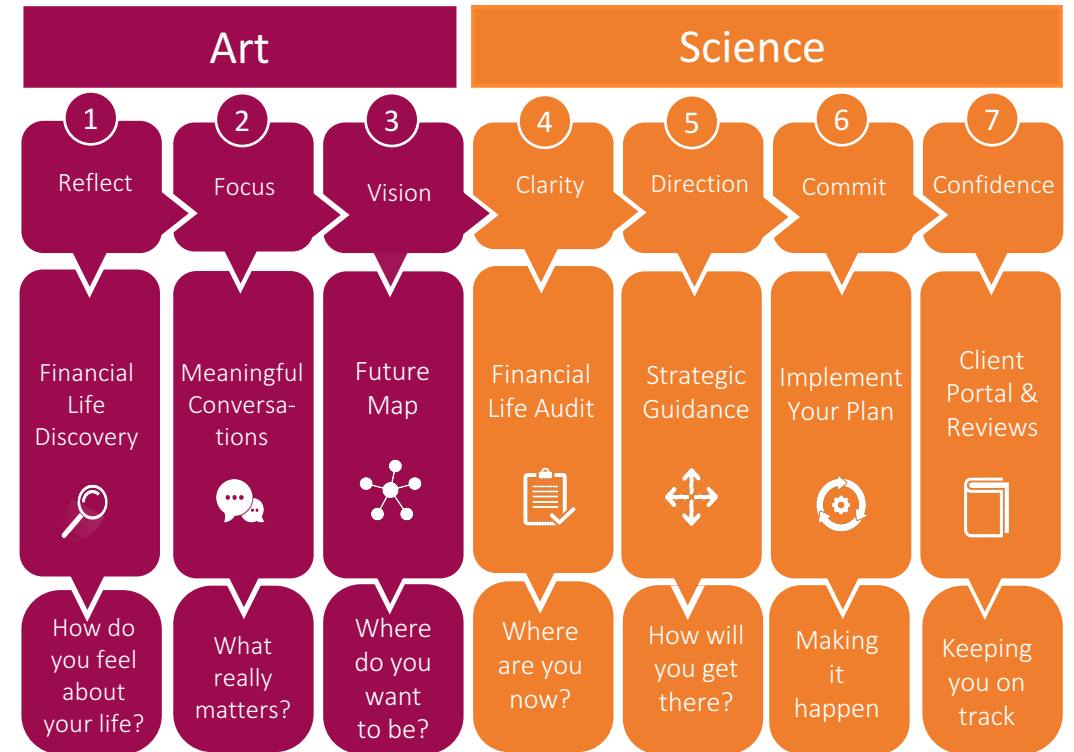


Diagram: Retirement planning process



Painting the Picture

Whether you are approaching the end of a career that spanned many decades, or have already reached your retirement milestone, you may be contemplating the future with a mix of emotions. Change frequently creates that blend of excitement for the new and trepidation of what might lie ahead, so feelings such as these are perfectly normal.

When faced with a transition from one chapter of our life, to the next, such as from working to retirement, there is an opportunity to take stock and reflect on what elements of your current life you would like to take forward with you, and those that you will happily leave behind.

Being woken by an alarm clock early on a Monday morning may be one example of something you might prefer to leave behind as you retire!

At the same time it is worth considering all those unfulfilled ambitions and aspirations, which due to the time constraints imposed by work you have not managed to achieve. Retirement can give you the opportunity to stop putting them off any longer, particularly while you still have the ability and drive to do the things that are important to you and your family.



Step 1 - Reflect

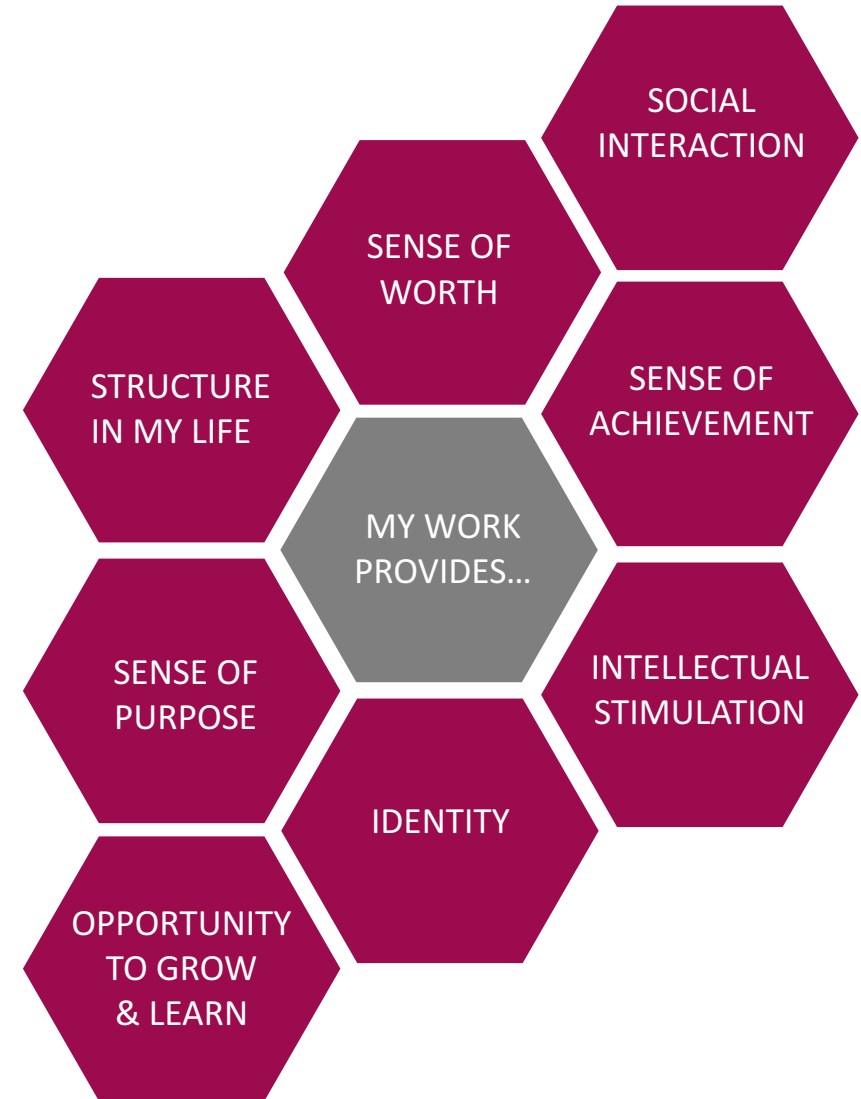
How do you feel about your life?

A good place to start is to consider, what you get from work other than income? So many people base their decision to retire solely on the financial aspects, but this is such an important question to ask yourself, as it's not just a monthly income that we derive from working.

Some or all of the common responses listed opposite can have a very positive impact on our lives, in terms of our mental and physical wellness.

Our Retirement Worksheet exercise will help you identify your key reasons for working, which will help you conclude whether you should continue, or not. If the decision is to stop fully, this exercise will highlight the key benefits of your working life (other than money) you need to replace in retirement.

Depending on your answers, things such as learning new skills; voluntary work; joining new groups or clubs are all possible ways of incorporating lost elements into your retirement.



Step 2 – Focus

What really matters?

It's important to recognise that your retirement is not in most cases just about you. It is likely to have a significant impact on the lives of others around you. Your spouse/partner and family, your business partners, or employer and colleagues will also face a period of adjustment.

Taking the time in advance (or in the early stages) of retirement to have *meaningful conversations* with those that are closest to you, can provide much needed clarity and comfort.

Just by sitting down with your spouse or partner (if you have one), and your family, to discuss your intentions and thoughts around retirement will highlight areas of common ground, and differences where an element of adjustment or compromise may be needed.

The key is to work out what really matters most to you and those closest to you. We can provide various retirement planning exercises that can help stimulate these conversations and provide a framework for the discussions.



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Step 3 – Vision

Where do you want to be?

The traditional approach to retirement, was that of working full time to a predetermined date, typically your 60th or 65th birthday, which was known years in advance, and then stopping completely. This “cliff edge” approach is certainly not suited to everyone. Fortunately these days there is generally a greater degree of flexibility and choice in the way we approach retirement.

Through working with our existing clients we regular see 5 different approaches as highlighted below. Each approach has it’s own challenges, but the key in the first instance is to identify which is most suited to you, and then you can set about addressing the issues associated with it.



Cliff Edger

Work full time up to retirement

One day full time work the next full time retired

Part Timer

Gradually reduce hours as retirement approaches

5 day week becomes 4 days becomes 3 etc.

Wind Downer

Gradually increase amount of holiday taken

Common with business owners and self employed

Re-inventor

Finish one career and start another

New role maybe in same field or new. Could be unpaid.

Open Ender

No commitment to retire

Common with business owners and self employed






Step 3 continued – Vision

Where do you want to be?

Once you have determined your general approach you can move on to the fun part. This is where you dare to dream of all the places you want to visit, the new experiences and adventures that you can embrace without the ties of work. It is important you and your spouse do this independently first and then bring things together to ensure both visions are collated and discussed.

Designing your perfect retirement is largely an exercise around how you will utilise your time, by creating your ideal week, month and year. Whatever approach you take to retirement, the whole point is that you will have greater freedom and time at your disposal.



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Create your ideal year in retirement

For many retirement provides the opportunity to travel to all those new and exciting destinations we have dreamed about, when other commitments (such as work or raising a family) get in the way. Therefore a greater level of travel is one of the most popular goals and aspirations for those who retire.

Create your ideal month in retirement

It is inevitable that you will settle into a routine at some point in retirement. One of the key aspects to a successful retirement is ensuring that we have variety in our lives. Whilst that variety can be achieved, and is encouraged within our weekly routine, it is also good to highlight things that we want to do in retirement.

Create your ideal week in retirement

One of the secrets to retiring well is ensuring our new found resource of time is used to provide: variety; the opportunity to continue to grow as a person; provides a sense of purpose and achievement; plenty of opportunity to socialise and interact with others and that both our mind and body are kept active.

Not everyone likes the idea of being tied to an agenda. Allocating "agenda free" time is fine to have the freedom to go where the mood takes you, but is not ideal for the whole week!

Finally if you are married we suggest you complete you own individual plan first, and then compare and contrast.

	Morning	Afternoon	Evening
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Saturday			
Sunday			

Step 3 continued – Vision

Where do you want to be?

Having established the fun and work aspects of retirement, there are some other practical aspects to factor in when designing your ideal retirement.

A prime example is deciding whether your current home in its current location continues to serve you in retirement? It may have been the ideal location for commuting, or catchment area for schools when the children were growing up, but these factors no longer exist.

Likewise, will it continue to suit your needs in years to come, when you may be travelling more frequently or enjoying extended trips abroad? What about in the longer term when you are slowing down and less mobile?

Whilst no rash decisions need to be made, it is important to highlight and discuss the possible changes that lie ahead.



Step 3 continued – Vision

Where do you want to be?

Finally, connecting regularly with people is a vital ingredient of a successful retirement. Spending time with grandchildren is often cited as one of retirements greatest joys. Therefore making sure you can integrate your plans with those of your family is a key consideration when planning how you use your time in retirement.

Likewise maintaining or where necessary, building a network of friends with similar outlooks and interests as you will help keep you engaged and energised in retirement.



A Picture Paints a Thousand Words

Using a picture board can be a very useful tool to help pull together all the aspects of what your ideal retirement looks like. It's worth remembering that your first stab at this is very unlikely to be perfect. You will learn from the process and adapt things as time goes on. Building flexibility into your plans can often be helpful as long as you keep advancing towards that picture of your own ideal retirement.





Summary

Having considered, contemplated and ultimately completed the first 3 steps of **Reflect**, **Focus** and **Vision** in the retirement planning process contained within this guide, hopefully you now have a much clearer picture of the type of retirement you will be suited to and therefore desire.

This will enable you to move forward to start to assess whether your financial resources can help you achieve this desired retirement. The second part of this guide will take you through the next 4 steps you need to consider.

If however, during this first stage you have had difficulty with any of the steps or you still are not entirely comfortable with the future design of your retirement, we can provide assistance or simply act as an independent and impartial sounding board to help you formulate your vision.

If you would appreciate our help, please get in touch: Telephone: 01732 760000 or Email us: info@retirementinfocus



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