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**500,000 to reach retirement age in 2020**

**Seven things to consider for people approaching this milestone**



This year, over 500,0001 people will reach state retirement age. Each person will face a very different retirement journey: many choose to work beyond this point, others have retired already. What they all have in common is the need to make difficult decisions about planning for, funding and managing their money in later life.

To help people navigate this milestone, Emma Byron, Managing Directorof Legal & General Retail Retirement, shares seven things to consider.

1. **Think about the shape of your retirement.** Retirement is no longer linear. Some people continue to work into their 70s, while others jump at the chance to slow down. For some it’s unpredictable and overwhelming, for others it’s a positive experience, with many new opportunities. Whatever you decide, spend time mapping out a plan. Without this, many people can experience a loss of identity and a lack of purpose.
2. **Get your finances in order.** If you have had multiple jobs over your lifetime, the likelihood is that you have multiple pension pots. The first step is to trace any lost and forgotten pension pots, find out what you have, and think about whether you want to bring them together under one roof.
3. **Make a budget**. Once you know how much money you can access in retirement, think about the lifestyle you want and how much income you need to fund it. The [Legal & General Retirement Calculator](https://www.legalandgeneral.com/retirement/retirement-income-calculator/?cid=Prepressreleasepressrelease001) could help you work out how much your pension could give you, based on your age. You can then add any other savings or investments into the mix, as well as the State Pension. You can find out what you will receive by getting a State Pension Statement or visiting [www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement). When budgeting, consider any potential changes to spending habits, and factor in likely reduction in income. Small reductions across the board can really add up. While learning to manage your finances won’t necessarily result in more income, it will help you make the funds you have available go further.
4. **Think about how to make your money last.** The reality of planning for retirement in a post-pension-freedom world is complicated. There are so many options now, and thousands of people are accessing their pensions without planning. Don’t be one of them. Not having a plan could leave you short of funds in later life, or even see you become overly modest with the amount you access. Either way, the result is the same: you can’t enjoy the retirement you really want. For starters, check your life expectancy using an official calculator and plan for the longest life possible, not the average. It’s only an estimate, but you’ll have a much clearer idea of how long you will need to fund your basic living costs.
5. **Consider ways to boost income**. There are various ways that you can boost your retirement income, if you feel your pensions savings are not adequate. The obvious option is to delay your retirement. Not only will this mean receiving an income for longer, it also means you can defer your State Pension. For people reaching the State Pension age after 6 April 2016, your State Pension will increase every week you defer, as long as you defer for at least nine weeks. It will increase by the equivalent of 1% for every nine weeks you defer. Alternatively, you could consider a slower transition into retirement, steadily reducing the number of hours you work so that your income stream doesn’t stop so abruptly. Part-time work and turning a hobby into an income can also help you adjust to this new chapter in your life.
6. **Thinking about the family home as a valuable asset**. Releasing cash from your home is another way to boost income in retirement. One option is to downsize; moving to a smaller, less expensive house. There will be costs involved and of course the upheaval to consider, but after paying moving costs and stamp duty, there could be money left over to use as you wish. The other option is releasing funds from your home while you still live in it, by securing a loan against the property such as equity release. While this is not right for everyone, it can make a difference to homeowners in the first decades of their retirement. If you have an extra bedroom in your house, you could also consider letting the space out, or making the room available on Airbnb.
7. **Consider advice.** When planning for retirement,consider taking financial advice. You will be faced with a series of complex decisions that can shape your income for the rest of your life, and the support of an adviser will make navigating these choices much easier. If you are unable to afford financial advice, then it is important to at least book an appointment with [Pension Wise](https://www.pensionwise.gov.uk/en) or the [Money Advice Service.](https://www.moneyadviceservice.org.uk/en)

**Emma Byron, Managing Director at Legal & General Retail Retirement Income, adds:**

“The shape of retirement has changed dramatically. It’s no longer a single decision and people don’t necessarily switch immediately from working to not. Some continue to work, others go back to college, some start a business, and many take up a hobby. With people living longer and pension freedoms having brought more autonomy, those approaching retirement need to take time to consider what they want from this exciting chapter. As a starting point, it’s worth thinking about these 7seven considerations, and setting aside some time every week to think about what works for you and your family.”

**-ENDS-**

**1** On average, the best indicator of how many people will retire in a given year is still how many people will reach the statutory retirement age of 65. Based on the number of people expected to reach the state retirement age in 2020. ONS Mid Year Estimates for 2018 (released in 2019) show 700,388 people aged 63 who would therefore reach 65 in 2020. Taking into account expected deaths (ONS number of certified deaths in the UK of people aged 63 and 64 in 2017 was 12,513), this leaves 687,875 people expected to reach 65 in 2020. The state pension age will increase in October 2020 from 65 to 66. October to December represents 25% of a year. Assuming a proportionate distribution of birthdays in a given year, this would equate to 75% of people reaching 65 in 2020 reaching state pension age. Therefore 25% of 687,875 is 515,906 people expected to get to pension age in 2020.

Notes to Editors

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

Buying our Pension Annuity is a once-and-for-all decision. The options a customer selects when they buy the annuity cannot be changed later on. Depending how long they live for, the total income paid to the customer may be less than the amount used to buy the annuity.

The annuity cannot be cashed in or surrendered at any time.

Legal & General’s lifetime Pension Annuity can be bought using the money from a pension pot. It will pay an income for the rest of the annuity holder’s life. To apply the applicant must be at least 55 years old and have at least £5,000 to invest after they’ve taken any tax-free cash they might want to withdraw from their pension pot.

Certain options may not be available and different options will be available if the applicant applies through an adviser or intermediary. If the pension plan includes any money from contracting out of the earnings-related part of the State Pension, there may be certain restrictions on how we can pay the income. We will show any restrictions that apply on the illustration.

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Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management at 30 June 2019, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also invested over £22 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.

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About Legal & General Retail Retirement

Legal & General Retail Retirement *(*LGRR)’s mission is to help its customers lead longer, healthier, happier lives. We believe everyone should be able to have a ‘more colourful retirement’.

The Division comprises the Group’s individual annuity, lifetime mortgage and care solutions businesses.

In H1 2019, LGRR wrote £497 million of annuity premiums and issued £489 million of lifetime mortgages

Further information

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Millie Hyde-Smith Maddy Morgan-Williams,  
Head of PR and Thought Leadership Lansons

+44 07393 753588 +44 7947 364 578

[millie.hyde-smith@landg.com](mailto:millie.hyde-smith@landg.com) [legalandgeneral@lansons.com](mailto:legalandgeneral@lansons.com)