

help with **planning for retirement**

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SOMEWHERE, OVER THE RAINBOW...

When you are young, retirement can seem so far away that it is not even worth thinking about. Or it may be just a daydream – when you are working all hours, the idea of doing nothing can seem like heaven.

Lots of people think this way, but it may be time to think again. More of us are living longer, and a good pension can be harder to come by. And these two things together may mean there are some of us living for a long time without enough money to make ends meet, let alone enjoying the sort of retirement lifestyle you see in the TV ads.

And there are other things to think about apart from money. Where will you live? How can you keep fit and well? Will you be able to find things to keep you occupied?

Perhaps now is the time to think ahead, and try and plan for the future.

If you are in your 20s or 30s:

Retirement is probably the last thing on your mind. And saving towards it could well be the last claim on your wallet, if it figures at all. But if you can start planning now, you should reap the benefit later.

Now is the best time to start putting funds into pensions. This is even more important if you are self-employed than if you have got a company pension to rely on.

- **State pension.**

This will give you a basic income, but not enough to fund the kind of lifestyle you might want. It is based on the National Insurance contributions you have paid. At the moment, men can claim it at 65, women at 60 – but this will rise for women between 2010 and 2020. You can delay claiming if you want to, and build up more funds.

- **The State Second Pension**

This is an additional State Pension on top of your basic one, paid by The Pension Service. (It used to be called SERPS). Self-employed people cannot pay towards this.

- **Company pensions**

These are pension schemes set up employers. If you can join one, it's a good idea, but the best deals are now harder to get.

- **Personal pensions**

These are available from banks, building societies and life insurance companies. Some schemes allow you to start taking your pension in your fifties, and to take part of your pension fund as a tax-free lump sum. You can get tax relief on the contributions you make.

- **Stakeholder pension**

This is a low-cost pension which has to meet certain standards. It can offer more flexibility than other personal pensions.

If you are in your 40s:

If you have already started putting money into pensions, this may be a good time to start thinking about additional ways to fund your future.

Saving for retirement:

- **ISAs** (Individual Savings Accounts)

You can invest up to £7,000 per year. You can get at the money whenever you like and you do not have to declare ISA's to the taxman and there is no Capital Gains Tax.

• National Savings

There are various schemes. You may have to pay tax on interest with some of them.

Some are long-term investments which may be suitable for saving for retirement.

• Banks and building societies

If you save your money in a bank or building society account, your money will be safe, but it could earn more interest somewhere else.

Investments:

Money that is invested will usually bring in more than savings schemes do. Many investments carry a risk and you could lose some or even all of your money. If you are thinking of investing, take advice. (See the list at the end.)

• Stocks and shares

You can buy shares in a company. The value of your investment is linked to how the company performs. This may depend on the general state of the economy. You can also invest in funds that buy shares in a wide range of different companies, or in government bonds.

• Investing in property

- If you own your own home, it may increase in value over the years. Then you may be able to down-size later and profit from the price rise.

- Shared ownership is a scheme where you buy a share of a property from a housing association and pay rent for the rest. As your financial situation gets better, you may be able to increase your share until you own the whole property.

If you cannot afford to take out a full mortgage, but have got enough money to keep up payments of a part mortgage, as well as pay some rent, this may suit you.

Individual housing associations have different guidelines.

You will need to contact your local associations to find out if there is a scheme you can join.

If you have a County Court Judgement against you, or you are in rent arrears, you probably will not be able to join a shared ownership scheme.

- If you are currently in tied housing, it may be time to think about getting onto the housing ladder if you can. Any money invested in property now can keep up with inflation (or, with luck, do better). And if you have to move out when you leave your job, you will at least have somewhere to go. It is possible to buy-to-let, which will also give you more income in the meantime.

If you're over 50:

By now, retirement will not seem so far away. You may want to start thinking and planning for real. If you have not yet built up a decent pension fund, think about doing something about it now. And the same goes for considering savings and investments.

Where are you going to live when you retire?

You may be very happy living where you are, and plan to stay there for the rest of your life.

Or you may want to move – to somewhere smaller, more manageable, with a bigger garden or no garden, nearer the family or further way from them - whatever suits you personally.

Or you may have no choice but to move. If you are living over the job, in tied accommodation, then you will have to find somewhere else to live when you retire.

• **Can you get a council house?**

All councils keep a housing register. This is a list of people who have applied for a council house.

Ask the council if you are entitled to go on the list and how to go about applying to be on it.

Most councils or local housing associations keep some property for retired or elderly people. This may include totally self-contained accommodation, or a flat in a sheltered housing scheme.

• **Can you get a mortgage if you are retired?**

This is getting easier. Lenders used to have age limits, but many of them are now scrapping these. If you can prove you will have enough retirement income to cover repayments, you may be able to get a mortgage. Monthly repayments are likely to be high, as you will have to pay back the loan over a shorter than average time.

• **Can you cash in on money tied up in your home?**

There are schemes where you can release some of the value of your home without having to pay money back on a monthly basis. The loan, plus interest, has to be paid from the sale of the house when you die. This can sound attractive, but may have hidden traps.

If you're thinking about this, get proper financial advice.

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Things to think about if you plan to move

You may want to move to a new area, where housing costs are lower, or where you spent happy times on holiday. It is a good idea to ask yourself a few questions first:

- how easy is it to get to shops, health services, etc.?
- will you be able to get around if you have to stop driving?
- how easy will it be to make new friends?
- how near will you be to your family?
- how much, or how little, do these things matter to you?

Going to live abroad

As well as thinking of the points listed above, you should also consider things like language, tax, welfare benefits and health costs.

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• **Where can you move to?**

If you have British nationality, you are entitled to live in any country in the European Economic Area (EEA). If you are thinking of moving within Europe, you should get in touch with the British Consul in that country and its foreign consulate here in the UK.

You may have family connections that mean you can live in a country outside Europe, but in some places you will only be able to get a visitor's visa for a few months at a time.

You should contact the embassy or High Commission of the country concerned.

• **Tax and benefits**

You should get proper advice on these before you decide to move.

Some benefits cannot be paid unless you live in the UK. Others can be paid in the EEA or in countries that have made special agreements with the UK.

If you are retiring abroad, you can continue to receive your UK state pension. But you will only get yearly increases in your pension if you are in an EEA country or one of the other countries that have a special agreement with the UK.

How much UK tax you will have to pay will vary from country to country. Off shore banking can reduce your tax liability in some places.

• **Healthcare**

You should find out about healthcare costs in the country you want to move to. You may need to take out health insurance to cover private medical and dental treatment, and to fly you back to the UK in a medical emergency.

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When you're on the point of retiring : WHAT ARE YOU GOING TO LIVE ON?

If you have not been able to save or invest enough money, there are safety nets to help you. To make the most of them, get advice from some of the places listed at the end. If you decide to carry on working because you have inadequate finances you should think about how long you will carry on for, and how to ensure you stay healthy and motivated.

• **State Pension**

How much pension you will receive depends on the level of national insurance contributions you have paid. Shortly before you are due to retire, you can find out what you will receive by asking for a pension forecast. If you have not paid enough contributions to qualify for a pension in your own right you may be able to get one based on the contributions of a husband, wife or civil partner.

You can claim your pension even if you go on working full or part-time. After April 2006 you can draw your state pension and continue working for the same employer.

If you do not claim at 60 or 65, you will earn extra pension. You will get interest on the money you do not claim. This means that when you do claim at a later date you can get more money. You can get this as an extra weekly rate or as a lump sum.

• **Tax**

You still have to pay tax when you are over 65, but your tax free allowance is higher than before. Pensions are taxable, and so are some benefits. You may have to pay tax on interest from savings or shares, or any rental income you have. You may be sent a self-assessment tax return form. If not, and you have taxable income, you should ask your local tax office for a form.

If your income goes down when you retire, you may be entitled to a tax rebate.

• **Benefits and concessions**

When you reach 60 or 65, you will get some benefits automatically, no matter what your income is. These include free prescriptions and a winter fuel payment. You can also get travel concessions, though these vary from one area to another.

If you have no income apart from your state pension, you may be able to claim extra benefits like pension credit, as well as housing benefit and council tax benefit.

• **Warm Front Scheme** (England) **HEES** (Wales)

This is a government grant for people on low income, to make sure you have a warm home. It gives advice and a package of heating and insulation improvements. This can include putting in central heating. (See list at end of leaflet).

• **Other grants**

If you are on a low income, you may be able to get grants and help from your local council for house repairs and improvements. If you are disabled, you may be able to get grants towards adaptations to your home.

HOW ARE YOU GOING TO KEEP FIT AND WELL?

We all want to keep fit and healthy for as long as we can. Eating a healthy and varied diet and taking regular exercise can help you do that. You may find that walking or gardening, at home or on an allotment, gives you all the exercise you need. Or you may want to try things like dancing, golf, cycling, swimming, even running. If you have been too busy for these during your working life, then retirement may be the ideal time to take them up.

Most local authorities have fitness programmes aimed at the over 50s, which can be social occasions as well as good ways to get and keep fit.

WHAT ARE YOU GOING TO DO ALL DAY?

Use it or lose it! Doing nothing may be fine for a week or two, but probably not a good idea for years on end. Keeping an active mind as well as an active body is something we probably all aim for. Some of the things you might think about are:

- **Part-time paid work**

You may not feel ready to take a complete break from work. Part-time working can make it easier to change gear from a full-time job, as well as bringing you some useful income.

- **Unpaid work**

You may have friends and family who need you to help out. Or you may want to give some time to your local community. There are all sorts of ways to use your skills and experience. You can get as much out of voluntary work as you put in to it – a sense of being useful and involved.

- **Lifelong learning**

Local libraries and colleges run all sorts of courses, from computing to local history, often at cheaper rates for older people. You may want to learn a new language or skill, or do something creative. Or even enrol for a degree.

- **Hobbies**

Retirement may be the chance you have been waiting for to spend as much time as you want on that new garden design, researching your family history, landscape painting or growing the perfect rose.

You will now have the time to do whatever you like – make the most of it!

RAINBOW'S END... ALL THE THINGS WE WOULD RATHER NOT THINK ABOUT

In the end, most of us will have to face issues related to old age and infirmity. It is sensible to sort out your affairs while you are still able to cope. This may include making a will, or thinking about giving a younger relative power of attorney.

- **When you need care**

You can get Attendance Allowance if you need care, whether or not you actually have anyone to give you that care.

You may be able to get care in your own home. Your doctor and other health workers can give you advice. Your local authority can assess your needs and either provide the services you need, or give you money to pay for care directly.

If you need to go into a care home, you may have to pay towards the costs of care.

Nursing care may be provided free of cost, but the system is different in different areas.

You can get advice from the organisations listed below.

WHERE TO GET FURTHER INFORMATION AND HELP

Age Concern

0800 00 99 66 8am - 7pm daily.

Free information line that offers detailed information to older people and their families on a range of issues including benefits, care and housing. They provide factsheets on a range of topics. Age Concern has many local offices that can help. Find them in the phone book.

Website: www.ageconcern.org.uk

Citizens Advice Bureau

You can find their address and phone number in your local phone book.

You will find one in most towns. They give free, practical, up-to-date advice.

They don't judge or criticise anybody, and what you tell them is completely confidential.

Website: www.adviceguide.org.uk

Department for Work and Pensions (DWP)

The DWP provides information on the State Pension through The Pension Service.

0845 60 60 265 Monday to Friday from 8.00am to 8.00pm

Website: www.thepensionservice.gov.uk

Directgov website

It gives details of government services and links to other sources of information.

The over 50's page gives information and contact details for community and voluntary organisations, training opportunities and health and fitness advice.

They also have useful information for Britons living abroad.

Website: www.direct.gov.uk

Financial Services Authority (FSA)

0845 606 1234

The FSA is an independent government watchdog. All their information is impartial. They cannot recommend a particular firm, pension or give you advice on which one to choose. They have information about savings, investments and pensions, and booklets on planning for retirement.

Website: www.fsa.gov.uk/consumer/pensions

Help the Aged

0808 800 6565 Seniorline Monday to Friday 9am-4pm for advice on welfare benefits and concessions.

They have many local offices that can help. Find them in the phone book.

Website: www.helptheaged.org.uk

Life Academy

01483 301170

Life Academy runs short Pre-Retirement courses and publishes a booklet "Your Retirement" to help with retirement planning

Website: www.life-academy.co.uk

Pensions Advisory Service (TPAS)

0845 601 2923

They give free advice on personal and company pensions.

Warm Front Scheme (England) HEES (Wales)

Warm Front 0800 316 6011 HEES 0800 316 2815

The scheme is managed by the Eaga Partnership Ltd, who can help you with your application and arrange for the work to be done.

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MORE HELP FROM THE LICENSED TRADE CHARITY

More information and support is available from the Licensed Trade Charity.

- There are further 'help with' leaflets including **'Relationship Breakdown'**, **'Problems with Alcohol'**, **'Debt'**, and **'Housing'**.
- Our website details other ways in which the charity may offer support.
www.licensedtradecharity.org.uk
- Call our welfare department on **01344 884440**

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Licensed Trade Charity, Heatherley, London Road, Ascot, Berkshire SL5 8DR. Tel: 01344 884440

Website: www.licensedtradecharity.org.uk

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