

## How much do you need in your "sweetie jars"?

The earlier in age you start saving the greater the prospect of accumulating a sizeable sum of money for your retirement years.

Our experience of dealing with clients suggests that a minimum comfort level of income in retirement is £18,000 per year; providing adequate income for essentials such as utility bills, food, basic clothing and the running of a property.

To afford the niceties such as a break to the continent and an element of socialising and you're looking at more like £26,000 per year. What intuitively feels correct is also backed up by recent research carried out by Which? organisation.

The startling worrying fact is that the average pension pot for a 65 year old in the UK is around £30,000 which would buy you a secure income of around £1,200 per year. Of course, it's not quite as bleak as all that, if you qualify for the full State Pension you may be entitled to £8,200 per year. This leaves you with a shortfall of around £800 approx per month to fund (the minimum comfort level income of £18,000 pa). To generate the £800 per month mentioned above, you would need savings of around £330,000

A number of different pots of money are ideal for saving towards retirement; this could include money on deposit / cash, rental property, pension funds, ISAs, shares, value in a business etc. Having a number of different investments for diversification is generally speaking a good idea as overtime different investments will be more favourable depending upon legislation in place at the time. Who would have thought that pension funds could be passed on from generation to generation, potentially with no tax to pay (income tax / inheritance tax)?

As usual a good starting point is to have a plan and in this instance a financial plan. This takes us to our starting point of:

- What is coming in (income),
- What is going out (expenses)
- When do you want to stop or reduce your working hours?
- How much are you spending now?
- What are you likely to spend when you stop work?
- What activities do you want to pursue in your new found leisure time, how much will these cost?
- What capital will you need to pay off debts, go on that once in a lifetime holiday or provide a gift to family members or loved ones?

Am I happy with one jar of sweets so just enough to pay the bills or do I want a range of jars to deliver the lifestyle I desire?

If you would like assistance mapping out your personalised financial plan please contact us at Wingate for an initial discussion.