

What is your nominated retirement date?

Like most people I speak to, you probably do not know.

The concept of a “retirement date” has change massively over the last 10 years. Particularly since changes in how you can access your pension were announced in 2015, sometimes referred to “pension freedoms”.

As less and less employers in the private sector offer final salary pension schemes for their employees, not many people have a fixed date or age at which they see themselves “retiring”. The point at which work stops and a final salary pension starts is very rare.

In my experience, clients are looking to ease into “retirement”. The thought of a cliff edge end to working can even be quite concerning to some and they are keen to keep busy and “do something” in retirement.

It therefore surprises me that most employees do not know what their Nominated Retirement Date (NRD) is for their work or personal pensions. It can have a significant impact on how your money is invested as you approach this arbitrary date.

If you have not done so already you should look at the Nominated Retirement Date (NRD) for all of your current pensions. Then ask yourself these questions:

- Why has that date been selected?
- Is that when I WANT to stop working?
- Do I really NEED to wait that long?
- What other choices could I have?

Despite the raft of recent pension freedoms the NRD can still be a very important date. The majority of employer pension schemes I look at have built in Lifestyling within their pensions.

This is an automatic process where your underlying investments are automatically switched into lower risk funds in the 5, 10, 15 years preceding your NRD. This involves significantly altering the overall risk and investment strategy of your portfolio, with no input from you.

This will mean that investment decisions are being made by your pension provider based on the arbitrary nominated retirement date selected when you joined the company. This may have no relation to your retirement plan or the way that you want to change your working pattern as you move into “retirement”.

If you would like to understand the implications of your nominated retirement date on your pension provisions and have been considering changing your working pattern, then please make contact with me at Wingate.