

The Five Ages of Financial Planning



Age 60 - 75 Sailing into the sunset

In a previous edition, we produced a brief guide to help you gain a better understanding of what you should reflect upon financially as you progress through your life stages. (If you missed it or wish to read it again, please [click here](#)).

Following this, we are developing each section to offer some understanding around some of the points we made. We have considered the time when schooling finishes and you legally became an adult, we discussed heading onwards into the brave world of career development, children, and mortgages. Now it is time to see how the plans worked out, as you start moving from wealth accumulation to income distribution.

60-75 – Sailing into the sunset

The success of your retirement will very often come down to your state of mind.

Is it the start of something great or the start of the end?

Is it a time when you start doing something or a time when you stop doing something?

The more positive you feel about your retirement and the more planning you put into it, the better it will be. So, whilst you need to consider your financial circumstances, do remind yourself that it's not what your money is worth, it's what your money can do for you.

Try and think about what you want in retirement, not how much you have.

Comments about retirement range from 'I don't know how I found time to work' to 'I wish I could return to work'. Those that say the former comment have normally planned well in advance and are treating retirement as an opportunity, the latter comment tends to come from those who hadn't planned quite so well and probably just fell into retirement.

It may be that you have thoughts about developing a hobby, perhaps starting up a business or travelling the world. In recent years, an increasing number of newly retired people now work as unofficial childminders for their grandchildren, although few get paid for it.

One of the purposes of retirement is the ability to spend more time with your children and grandchildren but do remember to take time for yourself.

Keep in mind that you have worked hard for your retirement and you must always try to get the balance right between supporting your children and enjoying your own time.

Your income in retirement will also need to be flexible as you will have different requirements as you go through retirement. Those key decisions to invest early and regularly will come to fruition and it is at this point that advice becomes essential.

HMRC describes retirement as one of the most complicated periods of your taxation life. Make sure you take advantage of all relevant allowances to enable you to draw income as efficiently as possible.

However, it is also important that your income is flexible. For example, when you have just retired, you normally wish to do many of the things you have always wanted to do. This will feel like the perfect time to see the children, or you might take the opportunity to visit all those places on your bucket list. Whatever it may be, there are normally cost implications, and this must be built into your expenditure plans.

Once you settle into retirement, it is more likely that your health is not as good as it was, or you simply wish to enjoy the peace and tranquillity that retirement brings you. Your income requirements may not be as high as they were, but of course, this will change from person to person.

However, around all of this, two key factors must remain front and centre:

- Your income needs to be protected against inflation
- Your income needs to outlast you

Very few people live through retirement without an element of health issues, and the older you get, the more expensive this can become, with potential care costs a genuine issue.

The other key question to consider is how long is long term? It's paradoxical that the idea of living a long life appeals to everyone, but the idea of getting old doesn't appeal to anyone.



Whilst Income provision is a key driver at this time of life, there are still other important matters to consider. Just because you have reached retirement, it doesn't mean that you have to stop long term financial planning.

Therefore, do consider the following as well:

- **Your Succession plans** – Whilst your Will covers the nuts and bolts, it is important that your executors have a general understanding of what goes where.
- **Your Health** – You may be fine now, but it is very likely that there will be health issues in the future. Therefore, do consider what the implications will be should you not be able to manage your own affairs due to physical or mental impairment.
- **Your Care** – Many assets are treated very differently when managing your requirement for Care in the future. Do discuss this with your financial planner.
- **Your Inheritance Tax (IHT) implications** – This may drive future investment decisions as well as your succession plans. Many people shy away from long term IHT planning in retirement. This can be a costly mistake, both to you and to those who will inherit your wealth. There are still many things to consider even once you have retired.

Therefore, continue to develop your relationship with your financial planner. This may also be a good time to introduce them more formally to your family, as the planner will play an important role in your financial affairs as you get older.

This is especially important when we discuss the final section in the next edition, which looks at succession planning and the opportunity to support those who are just starting out.

If you would like to find out more, please email hello@pfgl.co.uk