Empower Results®

# Working out your retirement needs

It's difficult to plan for your retirement until you have fully understood your financial needs and commitments – this planner helps you do just that.

## 1. Your retirement income

Your retirement income may come from numerous sources, including any pension annuity that you could be planning. Write down the 'net' (amount after tax) monthly income that you expect to receive from all sources in the table below. This shows you the money you'll have available to spend.

| | Amount per month |
|---|---|
| State pension *(see tip 1)* | £ |
| Pension income | £ |
| investment income | £ |
| Savings income | £ |
| Other income | £ |
| Annuity income | £ |
| **Total net monthly income** | **£** |

### TIP 1

### Your state pension entitlement

To find out your state pension entitlement, or to find your local pensions office, visit

**www.gov.uk**

## 2. Your expenditure

Enter the amounts you pay out in the table below. Don't forget the one-off expenses that you might have each year (e.g. insurance premiums).

| | Amount per month |
|---|---|
| Mortgage/rent | £ |
| Loan/HP repayments | £ |
| Council tax | £ |
| Utilities | £ |
| Household expenses | £ |
| All insurances | £ |
| Travel expenses | £ |
| Credit / store cards | £ |
| Regular savings | £ |
| Social expenses | £ |
| Other expenses | £ |
| **Total net monthly expenditure** | **£** |

### TIP 2

### How might your expenditure change after retirement?

It may well be that your outgoings are based on your current expenditure, so you'll need to work out how they might change after retirement. For example, you may find that your travel expenses will be greatly reduced once you don't have to travel to work every day. The biggest of your outgoings, your mortgage, may also have been repaid by the time you plan to retire. On the other hand, if you have an interest-only mortgage, you'll need to repay the capital sum at the end of the mortgage term. Also, it's possible that your household bills may increase because you're around the house more – these are all things you'll need to think about.

## 3. Calculating your spare income in retirement

Using the total figures from the two tables you can now calculate your monthly balance. This should give you an idea of your overall financial position.

If the resulting sum is negative, you may want to consider ways to reduce your monthly spending.

### How much spare income do you expect to have in retirement?

**Here you can calculate your overall position.**

Enter your total net monthly income, then subtract your total monthly expenditure. This will leave you with your monthly balance. If this number is negative you may want to consider ways to reduce your monthly spending.

| Total net monthly income | | Total net monthly expenditure | | Your monthly balance |
|---|---|---|---|---|
| £ | - | £ | = | £ |

## 4. Your debts

If you have any debts list these below. This may help you to decide if it's a good idea to take some tax-free cash from your pension when you retire. You can usually take up to 25% of your pension fund as a tax-free lump sum, to use how you want. You can spend it or save it, it's up to you. It could be a useful way to pay off some or all of your debts. If you have an interest-only mortgage, your tax-free cash sum might help when the time comes to repay the capital you owe.

| Name of lender | Type of loan | Amount owed | Monthly Repayment | Repay (Tick if Yes) |
|---|---|---|---|---|
| *Example* ABC Bank | Credit Card | £10,000 | £xxx | ☑ |
| | | | | ☐ |
| | | | | ☐ |
| | | | | ☐ |
| | | | | ☐ |
| **Total amount owed** | | £ | | |

## For more information

Visit the website at: **www.aonretirementservice.co.uk**