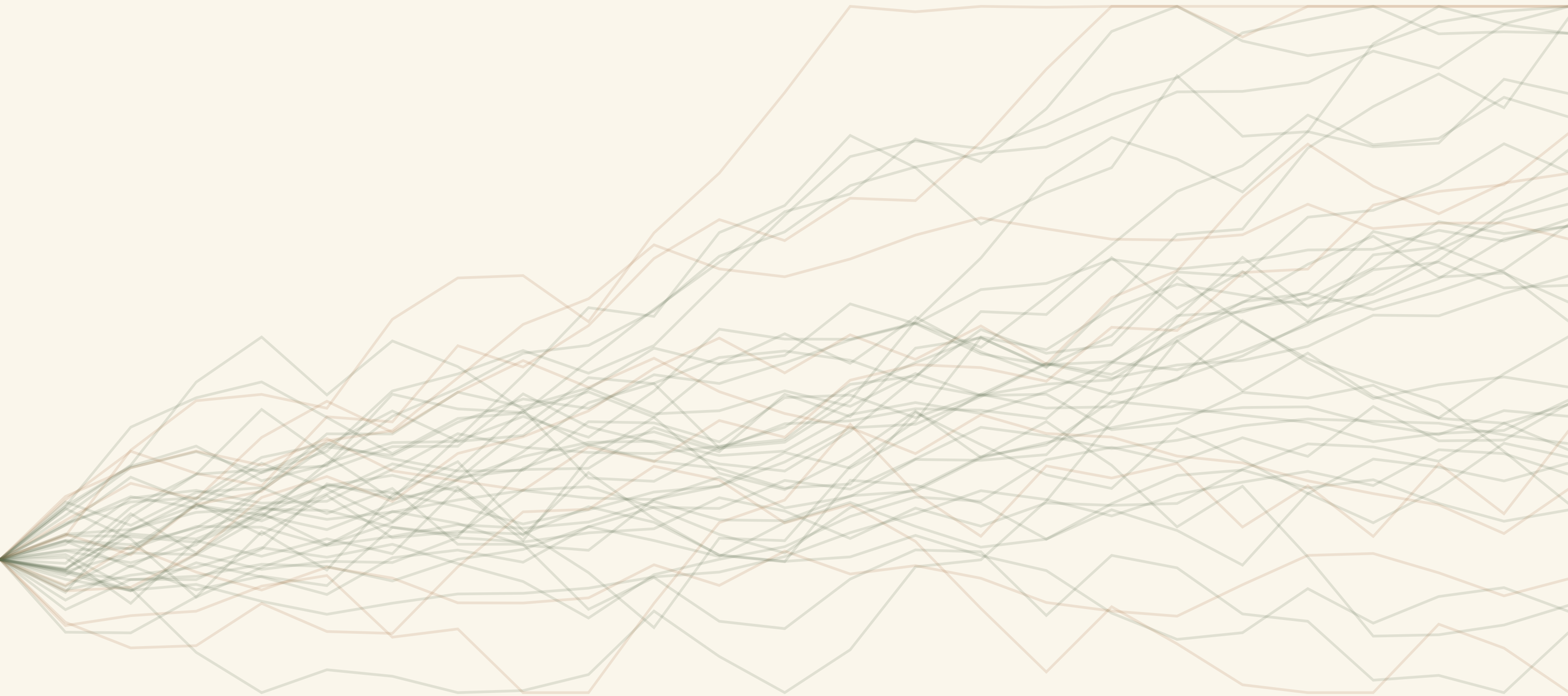
Your Future Compass

RETIREMENT GUIDE

How much do I need to retire in the UK?

There's no universal number. What you need depends on your target lifestyle, your State Pension and other guaranteed income, and how long the money must last. Here's a framework, and how to pressure-test your own target.



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How much do I need to retire in the UK?

Guidance and illustrations only, not regulated financial advice. This is a framework, not a recommendation. Your position is personal; consider speaking to a qualified, regulated financial adviser.

Start from the lifestyle, not a magic number

The most useful way to answer "how much do I need to retire?" isn't to chase a single headline pot figure. It's to start from **the annual income you want**, then work backwards.

A helpful reference point is the **PLSA (Pensions and Lifetime Savings Association) Retirement Living Standards**, which describe three lifestyle tiers in the UK (**minimum**, **moderate** and **comfortable**) each with an illustrative annual income for a single person and for a couple. (The PLSA updates the figures each year, so check their latest.) Picking the tier that fits the life you want gives you a target income to plan around.

Subtract your guaranteed income

You don't need to fund that whole target from savings. First subtract the income you'll get **regardless of markets**:

- **State Pension**: a full new State Pension is a substantial, inflation-linked income from your State Pension age. A couple may receive two. Whether you get the full amount depends on your National Insurance record, not your savings, so check before you assume it: the State Pension explained.
- **Defined-benefit (final salary) pensions**, if you have any.

What's left is the **gap** your private savings (pension pots, ISAs (tax-free Individual Savings Accounts), cash) need to fill.

Turn the income gap into a pot

A common rule of thumb is that you need roughly **20–25× the annual gap** as a starting pot, a loose reflection of "safe withdrawal rate" thinking (the pace of drawing from a pot that's likely to make it last). It's a useful sanity check, **not** a precise answer, because it ignores the State Pension starting partway through, your real spending pattern (often higher early, lower later), tax, and sequence-of-returns risk (the danger that a market fall in your first few years of drawing does lasting damage).

Why the rule of thumb isn't enough

The headline pot number hides what actually determines whether you'll be okay:

- Spending usually **isn't flat**. Many people spend more in the active early years.
- The **State Pension** changes the maths once it starts.
- **Markets** don't deliver the average every year, and the order matters more than the average does.

That's why it's worth moving from a rule of thumb to **modelling your actual plan**. The number is only the first of six steps, and the step-by-step UK retirement planning guide covers the rest: turning the pot into income, the tax, the risks, and how to pressure-test it.

Work out your own number

Our free tool turns this around: enter the spending you want and it models the **size of pot that could support it**, based on your inputs, and shows how your current savings compare. If there's a gap, you can explore what would change it, whether that's saving more, retiring later, or adjusting your spending. Your number, worked from your own figures, not a generic one.

For free, impartial guidance, check your State Pension forecast at gov.uk/check-state-pension, read more on retirement options at MoneyHelper, and (if you're over 50) book a free Pension Wise appointment.

This guide is general information, not regulated financial or tax advice. Pension and tax rules change and depend on your circumstances, so consider a Pension Wise appointment or regulated advice before acting.

See it for your own numbers.

Build a free plan at **yourfuturecompass.co.uk/app**