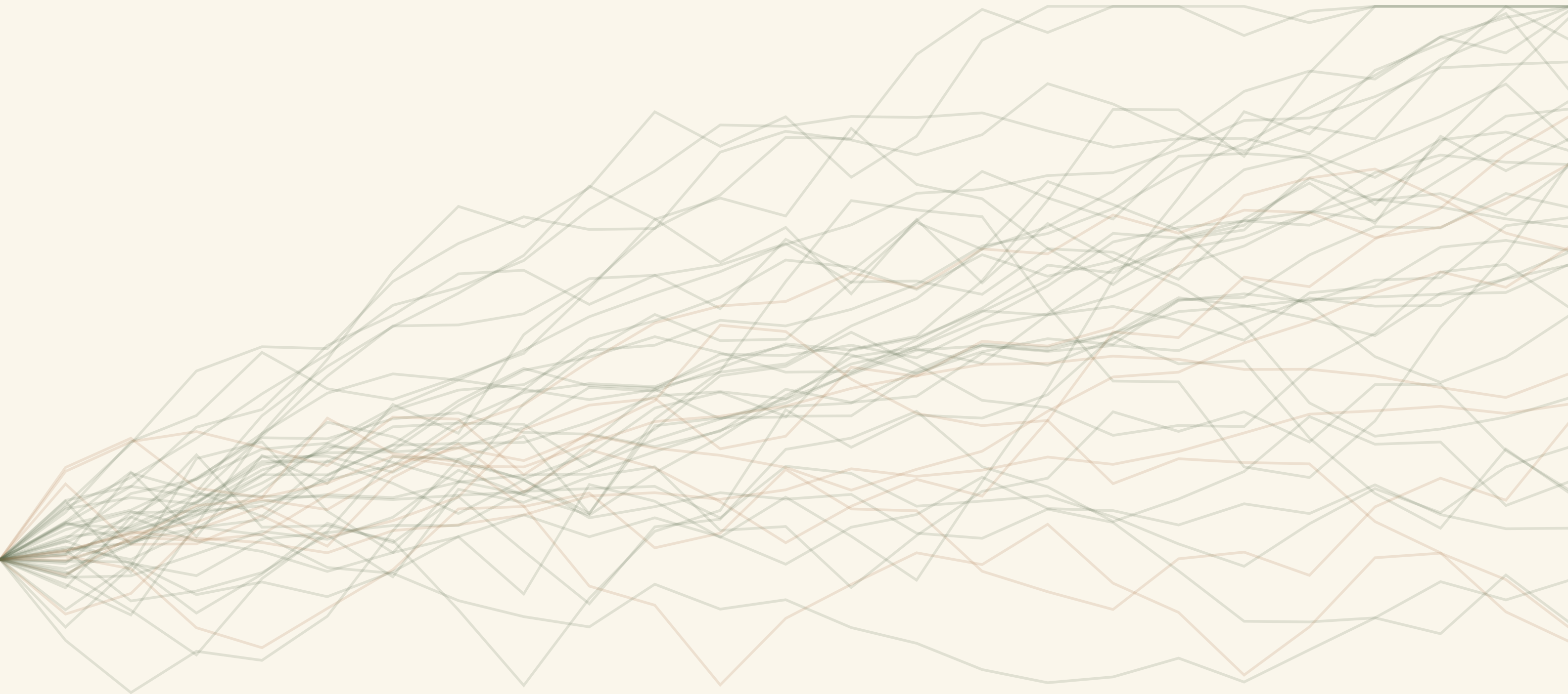
Your Future Compass

RETIREMENT GUIDE

Before you start: how to prepare for retirement planning

Twenty minutes gathering a few numbers makes a real difference to what you get out, because a plan is only as good as the figures behind it. Here's exactly what to collect: your State Pension forecast, every pension (DB and DC), savings, the income you want, and the big one-offs, plus how to get the most out of the tool.



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Before you start: how to prepare for retirement planning

> **Guidance and illustrations only, not regulated financial advice.** The figures you build are illustrations of possible outcomes, not promises. For a personal recommendation (especially big, irreversible decisions like transferring a final-salary pension or buying an annuity), consider a qualified, regulated financial adviser.

Spending 20–30 minutes gathering a few numbers before you start makes your plan far more accurate, and the tool much more useful. Everything works in **today's money** (real terms), so you compare against today's costs and allowances.

Part 1: Gather these before you log in

1. YOUR STATE PENSION FORECAST: THE MOST IMPORTANT FREE NUMBER

Get it at gov.uk/check-state-pension. It shows your expected weekly amount and the age you'll receive it, and flags any National Insurance gaps you could fill. You'll enter this as guaranteed income.

2. YOUR PENSIONS, AND KNOW WHICH TYPE EACH IS

- **Defined contribution (DC) "pots"** have a balance you can see: workplace pensions, SIPPs (self-invested personal pensions) and personal pensions. Note the **current value** of each, and if you're still working, **how much you and your employer pay in each month**, so the tool can grow the pot to your retirement date.
- **Defined benefit (DB) / final-salary**: a guaranteed annual income, *not* a pot. Note the **annual amount**, the **age it starts**, and **how it rises** (inflation-linked, capped, or level: rising with inflation, rising but capped, or staying flat). The tool models these separately as guaranteed income.
- Lost track of an old pension? Use the free Pension Tracing Service.

3. YOUR OTHER SAVINGS AND ASSETS

- The current values of your ISAs (tax-free savings and investment accounts), general investments/shares, and cash savings.
- Any **buy-to-let** property (value + monthly rent) or **business assets** you might sell or draw from.

4. THE INCOME YOU WANT IN RETIREMENT (YOUR SPENDING)

Think in **annual, after-tax** terms, and split it:

- **Essentials** (home, food, bills, transport) vs **discretionary** (holidays, hobbies, treats).
- Expect it to **change through retirement**, since many people spend more in the early, active years and less later. You can set early/mid/late phases, so don't force one flat number.
- **Not sure what figure to aim for?** The PLSA Retirement Living Standards set three tiers, shown as annual income after tax, excluding housing costs (2025):

LIFESTYLE	SINGLE	COUPLE
Minimum	£13,900	£22,500
Moderate	£32,700	£45,400
Comfortable	£45,400	£62,700

Pick the tier that fits the life you want as a starting target, then fine-tune the early/mid/late phases in the tool. (The PLSA updates these each year.)

5. THE BIG ONE-OFFS AND LIFE EVENTS

- **Downsizing** (current home value → new home value, and roughly when).
- **Helping family** or lifetime gifts, a new car, a big trip.
- An **inheritance or windfall** you expect.
- **Mortgage or loan** payoff dates.
- **Care** you want to plan for, and (for couples) what happens **on the first death**.

6. DATES AND PARTNER DETAILS

- Dates of birth, and the **age you'd like to stop work** (or wind down).
- If you have a partner, plan as a **couple**: two pots, two State Pensions, retiring together or at different times. It changes the tax and longevity picture significantly.

7. HOW YOU'RE INVESTED, ROUGHLY

- A rough **equity (shares) vs cash/bonds split**, and your **fees** if you know them; you can usually get this information from your pension provider. If you're struggling, don't worry, you can start with the tool's defaults and refine them later.

Part 2: A few things worth knowing first

- **Plan to a high age.** Money lasting to 84 isn't enough if you live to 95. The tool tests against thousands of market and longevity outcomes, so aim for a comfortable margin.
- **Tax basics:** you can usually take **25% of a DC pension tax-free**; the rest is taxed as income when drawn. From **April 2027**, most unused pensions also count towards **inheritance tax**, which is why the order you draw your pots matters.
- **Cash buffers are one common approach** to the bad years, because income drawn from cash avoids selling investments while prices are down. Holding a lot of cash has its own cost, since it tends to lose value to inflation over long periods, so it's a trade-off rather than a free win.
- **It's an illustration, not a promise.** The tool shows a *range* and a *success rate*, not a single guaranteed answer.

If you would rather read before you gather, the step-by-step UK retirement planning guide covers the whole picture, and how much could you need to retire? is the usual place to start.

Part 3: Getting the most out of the tool

1. **Start simple:** your pot, the income you want, and when you'd retire. You'll get an answer in a couple of minutes.
2. **Then add detail:** State/DB pensions, phased spending, one-offs, investment mix, each making it more realistic.
3. **Use the what-ifs:** retire a year or two later, spend a little less, or take an annuity (swap a pension pot for a guaranteed income for life). Each one changes the share of modelled futures in which the money lasts the whole plan, and small changes can shift that share more than people expect.
4. **Stress-test it:** replay real market crashes to see how your plan could be affected, then use the recovery levers to find what might get you back on track.
5. **Come back yearly:** allowances, rules and your numbers change, so a quick refresh keeps the plan honest.

Part 4: Free help, and when to get advice

- **Pension Wise** (free government guidance, age 50+): **moneyhelper.org.uk/pensionwise**, a free appointment on your DC pension options.
- **MoneyHelper** (free, government-backed): general money and pensions guidance.

- Your Future Compass helps you understand your own numbers and decide your questions. For a personal recommendation, consider a regulated financial adviser.

Prefer it on paper? There's a one-page printable checklist linked from the app's "Before you start" screen.

See it for your own numbers.

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