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BRIAN MELLOR FINANCIAL SERVICES LTD

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Pension freedoms usher in a new generation

The introduction of pension freedoms has been a huge enabler for over-55s, allowing millions to draw income from their pensions flexibly. Pension freedoms offer the opportunity to transition into retirement by continuing to work with reduced hours beyond traditional retirement age.

This emerging trend enables you to choose a middle path, allowing for reduced working hours and more flexible quality leisure time, while also receiving your retirement benefits. Taking a phased approach to retirement, new research^[1] shows, was the preference for half of UK workers over 50, or five million workers^[2].

TAILOR RETIREMENT TO YOUR OWN INDIVIDUAL REQUIREMENTS

The flexibility that pension freedoms gives means that older workers can tailor their retirement to their own individual requirements, giving rise to a new distinct and more 'free' stage of life in between work and retirement.

A quarter (26%) of over-50s could see themselves continuing to work while collecting their pension, but their motivation for doing so isn't driven solely by economics. Keeping their brain active and an enjoyment of work as well as the benefits of social interaction all play their part.

WORK-LIFE BALANCE HAS NEVER BEEN MORE IMPORTANT

Earning an income later in life also provides workers with the opportunity to continue saving, which can mean higher retirement benefits in the future. The research highlights that a work-life balance has never been more important to those over 55. Pension freedoms have allowed them to throw off the shackles of a traditional retirement and follow a plan that suits their individual needs. While historically people benefitted from generous final salary pensions, one drawback of these was that they didn't offer much flexibility to decide how and when to take benefits.

The pension freedoms have changed the way people think about retirement and are enabling the rise of a more flexible transition into retirement, including allowing people to choose to start accessing some retirement savings to support a reduced working pattern.

FREEDOMS TO CONTINUE TO LIVE LIFE ON YOUR OWN TERMS

Pension freedoms have allowed older workers to be more flexible, creating a distinct phase in their later life where they can alter their working pattern to their needs. This allows them to continue working beyond traditional retirement age while also having more time for leisure, for family, for volunteering and to pursue hobbies and travel.

The research also highlights another point that older workers want to be able to continue to live life on their own terms, and pension freedoms allow an increasing number to enjoy a new life stage where they can combine reduced working hours with enjoying more leisure time. ■

WHAT IS YOUR FINANCIAL ACTION PLAN?

For many people, it's not clear where their money will come from when they no longer receive a salary – and that can be stressful. But don't worry. With our help, you can create a plan of action you can take today to prepare for the life you want tomorrow. Speak to us to arrange a meeting.

Source Data:

[1] Research conducted by Aegon in conjunction with Opinium, based on responses from 1007 UK workers aged 50+ earning £20k+ between 30 November and 6 December 2018.

[2] Of the 10.3m people over 50 in employment in the UK, 49% want to transition – 5 million. www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/

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