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Pretirement

Scaling back on work or slowing your retirement plans down

The onwards march of 'pretirement' – where people scale back on work or slow their retirement plans down rather than giving up entirely – is continuing, with half (50%) of those retiring this year considering working past State Pension age.

This is the sixth consecutive year^[1] in which half of people retiring would be happy to keep working if it meant guaranteeing a higher retirement income. More than a quarter (26%) of those planning to delay their retirement would like to reduce their hours and go part-time with their current employer, while one in seven (14%) would like to continue full-time in their current role. An entrepreneurial fifth (19%) would try to earn a living from a hobby or start their own business.

FACTOR IN THE COST OF DAY-TO-DAY LIVING

Around one in twelve (8%) of those scheduled to retire in 2018 have postponed their plans because they cannot afford to retire. Nearly half (47%) of those who cannot afford to retire put this down to the cost of day-to-day living, which means their retirement income won't be sufficient.

The decision to put off retirement isn't always a financial one. Over half (54%) who are already or are considering working past their State Pension age say it is to keep their mind and body active and healthy. Over two fifths (43%) admit they simply enjoy working, while just over a quarter (26%) don't like the idea of being at home all the time.

WIND DOWN FROM WORKING LIFE GRADUALLY

The shift to 'pretirement' in recent years shows that many people reaching State Pension age aren't ready to stop working. Reducing hours, earning money from a hobby or changing jobs are all ways to wind down from working life gradually and, for many, are important to avoid boredom and maintain an active mind and body.

However, not everyone has the option of extending their retirement date if they need to carry on working for financial reasons, and others may be forced to stop working for health reasons. Saving as much as possible as early possible in their career is the best way for people to ensure they are financially well prepared for a retirement that starts when they wish (or need) it to.

MORE CHOICES THAN PREVIOUS GENERATIONS

Because people are increasingly treating retirement as a gradual process, regular discussions about their personal situation can help ensure that their retirement finances are sufficient to allow them as many options as possible.

Everybody wants to retire as comfortably as possible. But retirement needn't be an all-or-nothing decision – it's not a case of either you're still working full-time or you're completely retired. You've a lot more choice now than previous generations enjoyed. ■

HOW WE CAN HELP YOU?

There are important decisions to make in preparation for your future and at retirement. New rules that came into force in April 2015 offer greater freedom on what you can do with your pension pot. It is important to make sure you understand all your options so that you make the right decision. We can help you at every step – please contact us.

Source data:

[1] Research Plus conducted an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in 2018.

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