

Your guide
to a smarter
retirement



RetireSmart with St Barts

Planning for retirement is one of the most important financial decisions you'll ever make—and the earlier you start, the more choices and security you'll have in the years ahead. But with so many factors to consider, it can be hard to know where to begin.

A good retirement plan starts with asking the right questions. How much money will I need to retire comfortably? When should I start drawing my pension? What income sources will I have—and will they be enough? How will inflation, care costs, and taxes affect my future budget? And beyond the numbers, what kind of lifestyle do I want in retirement?

Whether you're just starting to think about retirement or nearing the end of your career, taking time to answer these questions can help you create a plan that matches your goals, supports your needs, and gives you peace of mind for the years to come.

As part of planning for retirement, it's more important to focus on your income needs rather than simply the size of your pension pot. A large pension fund might seem reassuring, but what truly matters is whether it can consistently provide the income you need to support your lifestyle throughout retirement.

Factors like inflation, longevity, and unexpected expenses can erode the value of a pension pot over time, making a seemingly large sum insufficient. By starting with a clear understanding of your required retirement income—covering essentials, leisure, and contingencies—you can better assess whether your pension, along with other sources of income, will be enough to meet those needs sustainably.

This is why it is extremely important to work alongside a financial adviser to guide and support you throughout.

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How much should you aim for?

Recent research on retirement living standards shows the varying levels of income required for different types of lifestyles in retirement. This is a more generalised view and is not specific to every individual.

A good starting point is to think about the lifestyle you want after retirement—basic comfort, flexibility, or luxury. Estimated annual spending needs vary depending on your goals and whether you're single or part of a couple.

For most, the main goal is to maintain their standard of living in retirement.

The table below summarises the Retirement Living Standards, based on independent research by Loughborough University:

Lifestyle Level	Individual Estimate	Couple Estimate
Essential	£13,000	£22,000
Balanced	£32,000	£44,000
Enhanced	£44,000	£61,000

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Why save into a Pension?

Although the State Pension provides a good base level of guaranteed income in retirement, relying solely on the pension will likely fall short of funding the lifestyle most people envisage in later life. With retirement often lasting decades, thoughtful saving and investing are key to maintaining comfort and financial freedom once work ends.

Due to this, the focus shifts on to accumulating wealth through contributing to private and employer-based pensions. Contributing to a pension is a great way to accumulate wealth in addition to investment growth, as the government applies tax relief to each contribution based on your pensionable earnings if made personally. In addition, employer contributions through a business are a great way to offset any corporation tax liability and extract funds from a company tax efficiently.

We have highlighted the main benefits of contributing to a pension below:

1. Secure your retirement income

Pensions provide a regular income after you stop working, helping you maintain your lifestyle when you're no longer earning

2. Tax benefits

Contributions are often tax-free or tax-deferred. Personal contributions receive basic rate tax relief at source and if you're a higher or additional rate taxpayer, you could claim even more tax relief via HMRC

3. Employer contributions

If you're part of a workplace pension, your employer usually contributes too which is essentially free money towards your future. You can also contribute via a business which can be used to offset against any corporation tax liability

4. Compound growth over time

The earlier you start saving, the more time your money should grow thanks to compound growth, significantly increasing your final pension pot

5. Financial independence

A pension helps reduce reliance on the state or family in later life, giving you more freedom and security

6. Inflation protection

Many pension schemes increase payouts with inflation, helping maintain purchasing power in retirement



Where will retirement income come from?

Retirement income typically combines several sources:

- State Pension – Based on your National Insurance record
- Employer Pensions – May be salary-based or dependent on your contributions and investment returns. There are typically two types of employer pensions:

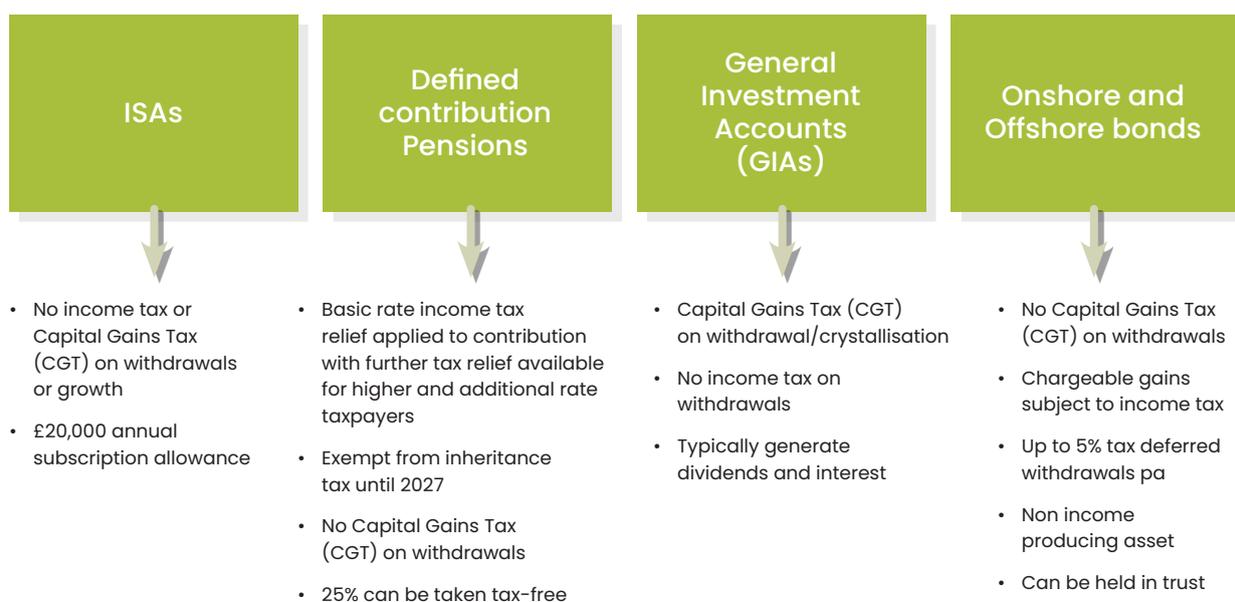
A defined benefit pension provides a guaranteed income in retirement based on your salary and years of service, while a defined contribution pension depends on how much you and your employer contribute and how well the investments perform

- Personal Savings – Including pensions, ISAs, and other investment vehicles

Whilst pensions remain a great tax efficient tool to build wealth and obtain tax relief, other investment vehicles should be considered as part of the wider planning. By utilising a range of different investment vehicles, you are able to exploit the tax advantages that apply to each product and this can help to mitigate the tax paid when decumulating/drawing down on the holdings.

The example below highlights four useful vehicles that should be considered as part of a holistic financial plan. They may not all be suitable to utilise at once but there will be a point in which some of all would be suitable.

Tax-efficient products



HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth

or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

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Building your retirement fund – Top tips



✓ **Begin early**

The earlier you start setting money aside, the more time your investments have to grow. Small, regular contributions can snowball into significant savings.

✓ **Increase contributions over time**

Whenever your income increases, boost your pension savings. Even modest adjustments can have a substantial long-term effect.

✓ **Make use of allowances**

- Most people can contribute up to £60,000 annually into a pension and benefit from tax relief.
- For couples, ensure both sets of allowances are being utilised, if affordable.
- You may be able to carry forward unused allowances from previous years.
- ISAs and Lifetime ISAs can supplement your pension with additional tax-advantaged saving. Other investment vehicles should also be considered

✓ **Keep track of all pension accounts**

If you've changed jobs several times, it's likely you have pensions in multiple places. Consolidating them may simplify management and improve efficiency.

Consolidating multiple pension pots into a single personal pension can be a practical choice, as it simplifies management and gives you greater control over your investments. However, it's important to check whether you'd be giving up any valuable benefits.

In particular, transferring a defined benefit pension is rarely in your best interest, as it could mean losing a secure and predictable income for life.

✓ **Don't dip into your pension or investment funds too much in the earlier stages of life or retirement**

You can in most cases, access your pension from age 55, however this is rising to 57 in 2028. For defined contribution pensions, this is where you can draw up to 25% of the fund as a tax free lump sum and this is often targeted for larger expenditure needs (mortgage, car, holidays, etc).

By avoiding accessing your pension at these early stages it will go along way to help provide for a comfortable retirement as it will allow the holding more time to potentially grow.

Furthermore, due to a more aging population, individuals are having to rely on their pension and investment holdings over longer periods of time.

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Investment and risk

As you near retirement, consider gradually reducing investment risk. Early in your career, higher-risk investments may help grow your funds. Later, shifting to more stable assets can help protect your wealth.

Also, be aware that inflation can erode the real value of your savings.

The importance of financial advice

Financial advice can be crucial in helping you make informed, confident decisions about your money, especially when it comes to complex areas like pensions, investments, and retirement planning.

A qualified financial adviser can assess your current situation, explain your options clearly, and recommend strategies tailored to your goals and risk tolerance. They can also help you avoid costly mistakes, optimise tax efficiency, and plan for life events.

While advice often comes with a fee, the long-term benefits, such as improved returns, peace of mind, and financial security can largely outweigh the costs.





Summary checklist when meeting with a financial adviser

When meeting with a financial adviser, please see below for a helpful checklist of what you should prepare ahead of the meeting:

Personal & Family Details

- Basic personal info (name, age, marital status, dependants)
- Employment status and income sources
- I.D. – Passport and/or Driving Licence

Financial Goals

- Short, medium, and long-term financial objectives
- Retirement age and lifestyle expectations

Assets & Liabilities

- Property values and mortgage details, plus any other assets
- Pensions, savings and investment accounts (ISAs, general investment accounts, pensions) – any recent statements
- Debts: mortgages, loans, credit cards

Key Documents

- Recent bank statements and payslips
- Pension statements (e.g. workplace, private pensions)
- Latest tax return (if self-employed or have complex income)

Insurance & Protection

- Life, income protection, critical illness cover details
- Any existing policies or gaps in protection, confirmation of cover through the employer

Wills & Estate Planning

- Will, Power of Attorney, trusts or inheritance plans (if applicable)

Questions & Priorities

- Key concerns (e.g. tax planning, retirement, inheritance)
- Risk tolerance and investment preferences

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.



Our services:

- Wills and Power of Attorneys
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- Cash flow modelling
- Mortgages
- Investment Advice
- Retirement Planning
- Equity Release
- General Insurance
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For information on how St Barts can help you be more prepared and provide peace of mind, contact us today:

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