

Retirement Planning explained



Introduction

Put simply, Retirement Planning is about how you look at the future. This can be the immediate future or a future a long way off, and it is about how you structure your financial affairs in the context of this.

From a money point of view, it is how you ensure you have a source of income when you retire, and ideally how you keep access to some capital. It is about how you blend together your various 'pots' and try and make them last.

From a personal point of view, it is a chance for you to focus on how you want to spend your time now if you are already retired, or in the future if you are still working. It is about understanding where you might need to make compromises, or being empowered through proper planning to know you can spend and do more with your time because you actually do have 'enough'.

The concept of an 'ageing population' may feel overused, but the fact is that advances in medicine and generally improving living standards are combining to increase how long we can expect to live.

The Office of National Statistics (ONS) has predicted that nearly 30% of babies born in the last few years will live to be 100. And somewhat controversially, there are scientists now predicting that the first person to live to 200 has already been born. We realise the likely maximum age of an infant born now is not directly relevant as you read this brochure, but the principle of needing to be open-minded about how long we might be retired is paramount.

The backdrop to this is a tightening of the welfare state, including the basic state pension. We need to make our own provision if we are to have any chance of a comfortable retirement.

What is the reality?

We believe these two figures put things into context:



£148.40 per week from 2016



£265.00 per week maximum

Why are these two figures important?

Well, the figure on the left is the predicted full State Pension from 2016; and the other is the approximate weekly pay on the 'Living Wage' – a concept supported by the major political parties which may or may not find its way to becoming a legal minimum.

A 20, 30 or even 40 year long retirement on less than the Living Wage is not a particularly tantalising prospect – which is why it is one of the main reasons we help people plan for a more fulfilling retirement.

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Do I need a pension?

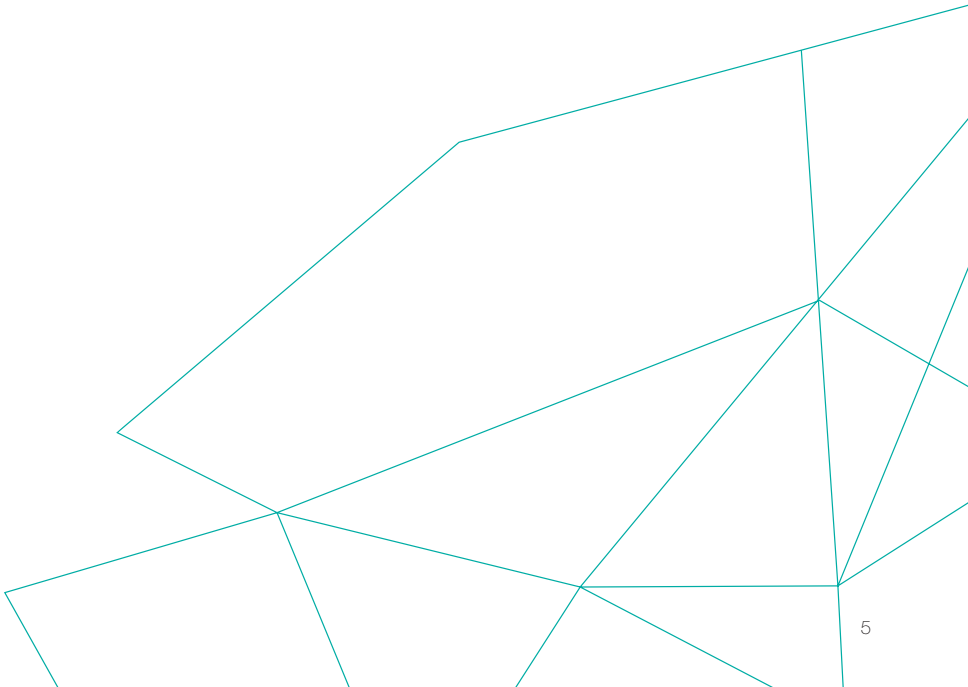
Well, no as it happens – you don't; but you do need an income when you or your partner stops working.

A pension is a financial product which is designed to deliver an income in retirement, but as you may have seen in our 'Financial Planning explained' brochure, we believe that whilst products may be the pieces in the jigsaw, they are not the big picture.

Even if your own retirement picture is already clear in your mind, the component pieces need to be fitted together properly if you are to complete the jigsaw.

Pensions, ISAs, investments, property, national savings, bank accounts – they can all play a part in a retirement plan.

So we advocate a blend of products as the most likely recipe for successful Retirement Planning.



Timescales and inflation

As discussed elsewhere, time *in* retirement can be much harder to quantify than time *until* retirement. Whatever the figure, inflation is a serious threat and needs to be factored in.

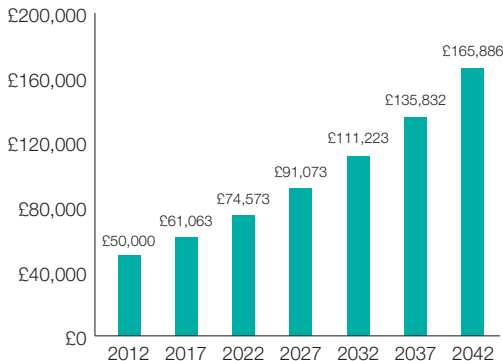
Very often, the concept of planning, whether focused on retirement, estate planning or specific investments, is about understanding what you can control, and what is outside of your control.

Inflation is one of the factors that you cannot control, so you need to make an allowance – it is unlikely to be going away.

What matters most is what your money can buy or do for you, not its value on paper.

Inflation has averaged 4% a year since 1925*. If this continues, it will mean that if, for example, in 2012, you had needed £50,000 a year to maintain your lifestyle, this will have to rise to £111,223 to make sure you can still buy and do the same things in 20 years time.

Maintaining Purchasing Power



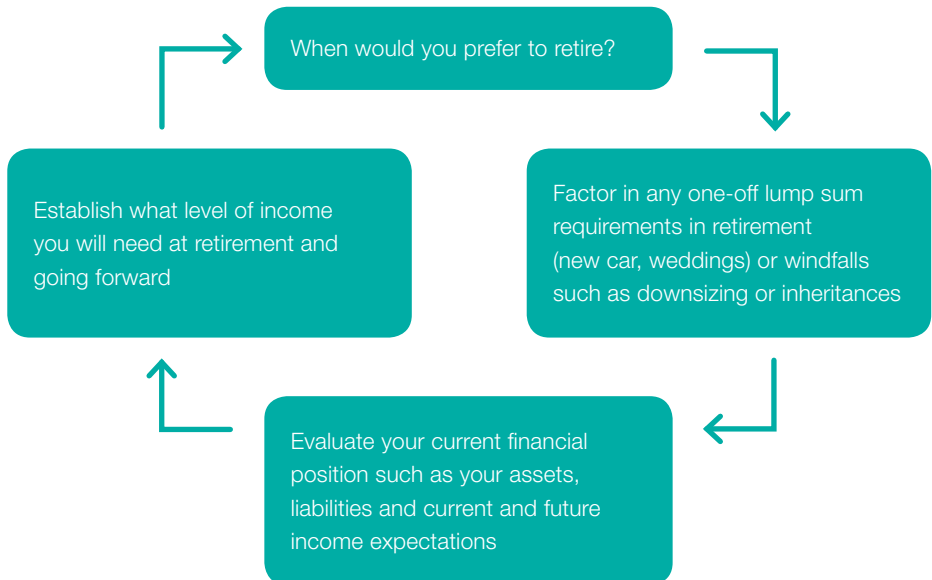
Estimate based on 4.08% rate of inflation.

*Source: Thomson Reuters, Global Financial Data, Inc.; as of 18/01/2013. Based on UK Consumer Price Index 1925-2012.

The Retirement Planning process

We will use our expertise to help you understand your own situation, because only then can you start to talk about what you want and need in order to form your retirement goals. When we know these, we can identify how close or not you are to achieving those goals based on your current planning and any products you own.

We will then help you prioritise, outline the challenges ahead, and talk openly about the costs. The final stage is then to deliver our fully considered recommendations in the form of a written report, which will form the basis of your own retirement plan.

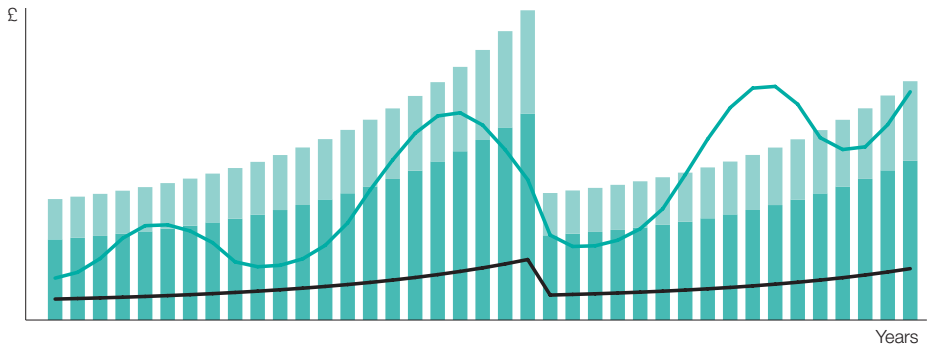


Visualising

Seeing visual representations of numbers and your progress against targets can be incredibly important. We can work with you to produce a range of 'cash flow analysis' reports.

This is a more detailed and interactive level of analysis which can really help identify times in the future where income could be insufficient, or conversely where income looks to be comfortable. This in turn can lead to more confidence to undertake Estate Planning, for example.

Cash flow analysis – example



How can Investec Wealth & Investment help me?

Importantly, Investec Financial Planning delivers **independent** advice. This means we offer unbiased and unrestricted advice and recommendations covering the whole of the market.

We believe that starting each relationship with a blank piece of paper and no products to sell is the best way to deliver professional and comprehensive Financial Planning.

Once we have implemented your personal financial plan, we will continue to develop our relationship with you. So much of Financial Planning is about mutual trust and respect, whether in the context of helping you invest for the future, protect your family or reduce taxes. We understand that the topics we discuss can be sensitive, and the questions we ask can be probing, but the motivation is to make sure we look after you.

We believe in working in collaboration, but also appreciate that this sometimes takes time. Being part of your existing team, or building one around you where you also need legal or complex tax advice, is important to us.

Changes in your personal circumstances such as marriage, divorce, retirement, death of loved ones and inheritance all have an effect

on your lifestyle and may require changes to your financial strategies and goals. As taxation rules and other legislation are continuously changing, we will also ensure your plan remains up to date and keep you informed of the changes and new opportunities.

Our financial planners are highly qualified with many having achieved the status of Chartered Financial Planner.

Whether building a financial plan with you from the start or reviewing your existing arrangements, we can provide impartial advice to help guide you through the process to defining your goals and recommending a tailored strategy to meet your individual needs that will be flexible enough to adapt as your life changes.

Ongoing reviews also allow us to help you avoid hazards which will inevitably appear. Such hazards can result in expensive or frustrating mistakes due to poor tax-planning, missed opportunities or emotional bias that can negatively influence your decision-making. Sometimes, just the speed at which you can react to change can be important, so having us with you as retained advisers can help here too. Very often, we can also suggest strategies for reaching your goals that you might not have considered.

Do you already work with Investec Wealth & Investment?

If you already work with us on the investment management side of Investec Wealth & Investment, we provide an integrated approach to wealth management and can recommend and instruct changes to your portfolio risk level or investment mandate where necessary. We can still, of course, recommend and implement alternative strategies, perhaps in relation to tax planning, for example.

Do you have a relationship with another investment management firm?

If, however, you have an existing relationship with another investment management firm, our independent status means we can still provide professional Financial Planning alongside your existing portfolio management.

Is all this new to you?

Finally, if you are new to wealth management we will help you choose the correct level of service and where applicable, a specific investment manager or firm to suit your circumstances.

Contact us

If you would like to arrange an initial meeting, at our cost, with one of our financial planners please call your local Investec Wealth & Investment office – contact details are on the back cover. Alternatively, please visit our website and request that one of our financial planners gets in touch with you.

Planning ahead

Planning *for* retirement

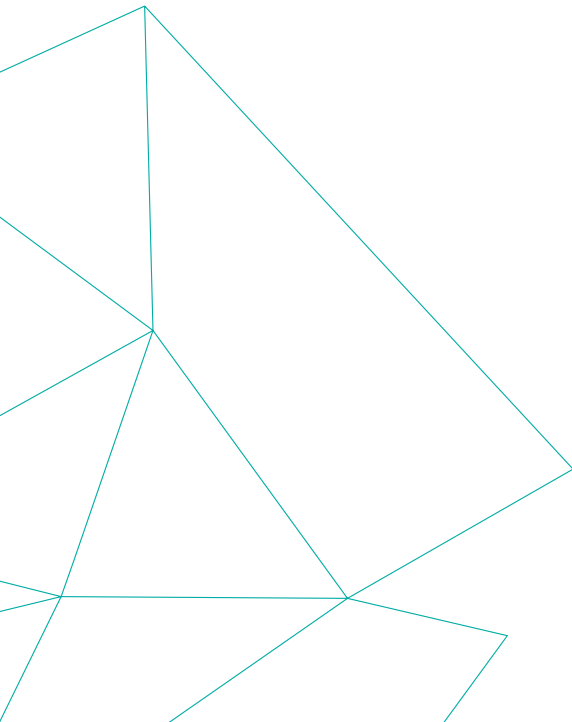
We will be very happy to help:

- Establish your goals and priorities
- Review your existing pensions and investments
- Set up new pensions and investments where needed
- Calculate expected future income and how much you might need to save

Planning *in* retirement

We will be very happy to help:

- Establish your goals and priorities
- Structure efficient income drawdown from pensions and/or investments
- Demonstrate the longevity of any existing arrangements
- Demonstrate the extent to which you may be able to undertake Estate Planning





Out of the Ordinary

The information contained within this brochure does not constitute financial advice or a personal recommendation. Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. References to taxation are based on our current understanding of the legislation but we do not represent that it is accurate or complete and it should not be relied upon as such. Tax laws are subject to change.

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