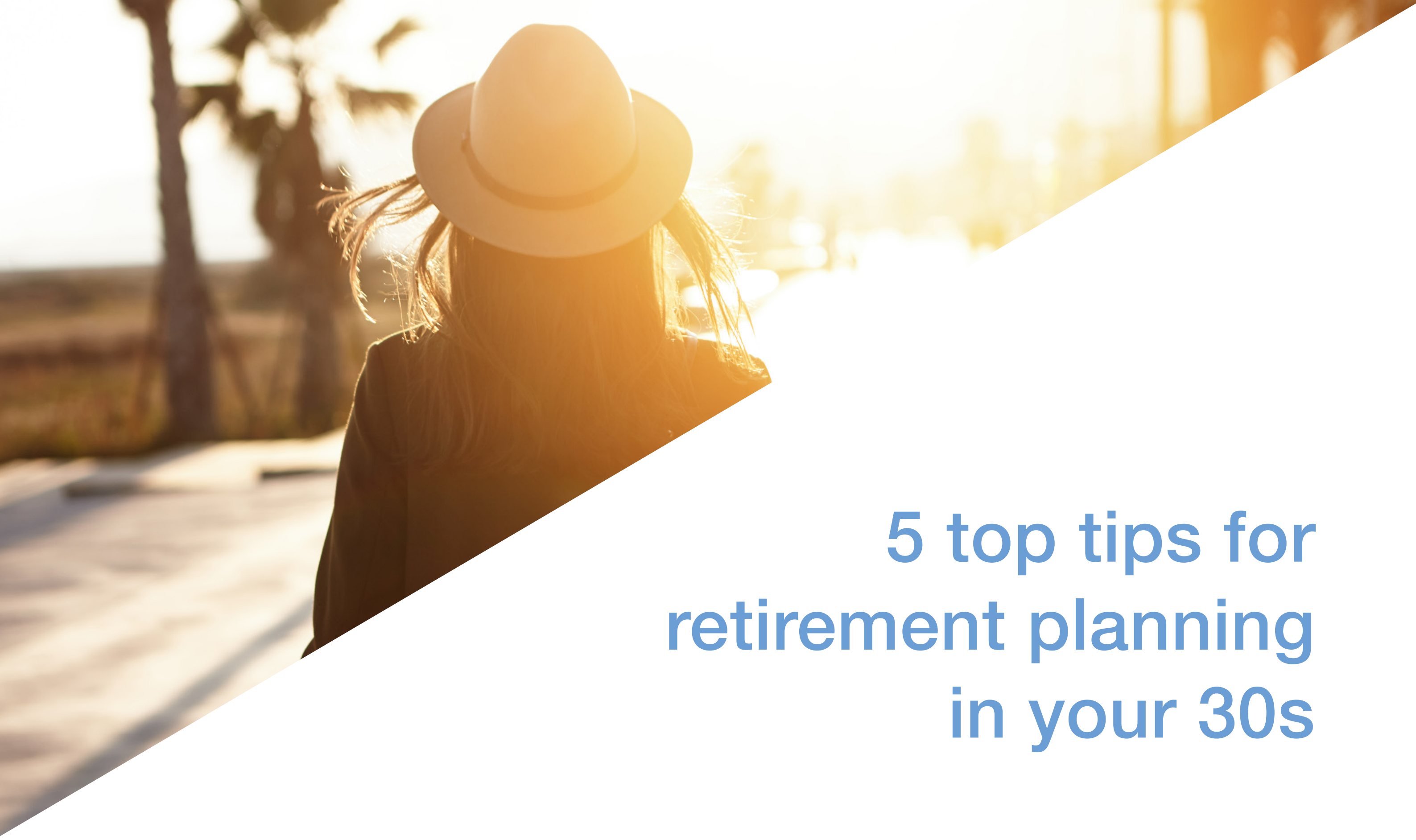

# 5 top tips for retirement planning in your 30s

As you go through your thirties, it is possible your income will increase.

However, your financial needs can often conflict this with higher outgoings; from paying a mortgage to supporting a family. This may mean that saving for retirement will still be a long way down your list of priorities. However, even making some small steps now to increase your retirement savings, could help to fund a better lifestyle in the future.  Read on for our top 5 tips for retirement planning in your 30s.

1 Understand how much money you need to be able to retire comfortably

2 Increase pension contributions where possible

3 Assess your savings outside of a pension

4 Calculate retirement income from other sources

5 Consider seeking financial advice

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# 1 Understand how much money you need to be able to retire comfortably

While retirement probably still feels like a long way off, understanding the amount you should be saving, can help you achieve the lifestyle you want when you do eventually retire. Worryingly, our research suggests there's a gap between how much people estimate they will need for retirement and the reality. 72% of people in their thirties think they will have enough to retire on, with people believing they would need around £125,700 in their pension pot to retire. However, previous research by consumer group Which?, estimated that for a comfortable lifestyle, providing a salary equivalent of £27,000 per year from income drawdown, savers would need £215,450 in their pension pot. Whilst the amount you need in your pension does depend on your own circumstances and goals, this shows they could be underestimating the amount needed in retirement. Despite this, our survey shows that 45% of those in their thirties believe they will need less than £100,000 to retire on and another 29% have no idea how much they would need. One way to better understand how you can achieve the lifestyle you want during retirement is to speak with a financial adviser.

# 2 Increase pension contributions where possible

69% of people in their thirties are saving into a pension. If your disposable income increases, for example from a promotion or pay rise, it's wise to contribute more to your pension too. The money you deposit into a pension will benefit from tax relief, giving your savings an instant boost. The tax relief you receive depends on the level of income tax you pay, starting at 20%. This boost to your savings means that paying into a pension is often one of the most efficient ways to save for your retirement. So, where possible, each time your income increases, make sure you consider increasing your pension contribution too.

**69%** of people in their 30s are saving into a pension.

# 3 Assess your savings outside of a pension

The good news is that 94% of people in their thirties are taking steps to save for retirement outside of a workplace pension, with 60% of those saving for the long-term. But are these savings working as hard as possible for you? Of those saving for the long-term, 56% hold their savings in a cash bank account, 73% in a savings bank account and almost half choose to place their money in a cash ISA (Individual Savings Account). Retirement is still likely to be several decades away and low-interest rates, and the effect of inflation, may mean that the value of these savings is falling in real terms. Alternatives, such as investing in stocks and shares, may provide a better solution.

**60%** of people in their thirties are saving for the long term.

# 4 Calculate retirement income from other sources

Our research revealed that those in their thirties, who are not saving anything, are relying on other assets to provide them with an income during retirement. Of those, most are likely to rely on property and inheritance to supplement their savings in retirement. More concerningly, 7% of people in their thirties believe they can rely on the State Pension alone. Understanding how much value your assets and state benefits will add to your retirement savings is important. If you are unsure, it is worth contacting a financial adviser who can help you factor these assets into your long-term plans. Using tools, such as cash flow modelling, can also help you to make sure you have the lifestyle you want in retirement.

# 5 Consider seeking financial advice

Your thirties are often a time when you're making several big financial decisions and your earning potential is increasing. However, despite 57% of people in their thirties being scared of running out of money in retirement, only half have sought financial advice. Of those who have, only 37% have discussed how to plan for their retirement. Taking this step now and getting the professional guidance you need, can help you to secure the lifestyle you want in the future. The sooner you take financial advice and create a bespoke plan that reflects you, the more achievable long-term targets will be. To get in touch with one of our advisers, click here.

**57%**

of people in their 30s are scared of running out of money in retirement.

Our advisers can help you gain a better understanding of your finances and create a personalised plan:

call 0330 332 7866; or

email advise-me@fosterdenovo.com.

Calls are charged at your standard landline rate.

An online survey was conducted by Atomik Research among 2,001 20-55 year olds in full or part-time employment in the UK. The research fieldwork took place between 20th January and 27th January 2020. All statistics quoted are from this research.

Which?, How much will you need to retire?, July 2019, found that the average retired couple spends around £27,000 a year. This covers all basic expenditure with a few treats like the odd holiday thrown in. Which? estimates that for a comfortable lifestyle in retirement https://www.which.co.uk/money/pensions-and-retirement/starting-to-plan-your-retirement/how-much-will-you-need-to-retire-atu0z9k0lw3p

**The value of your investment can go down as well as up and you may not get back the full amount invested. Accessing pension benefits early may impact on levels of retirement income and your entitlement to certain means tested benefits and is not suitable for everyone. You should seek advice to understand your options at retirement.**

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