

# How gut instinct is guiding financial futures

A new report reveals that millions rely on guesswork when planning for retirement

Millions of UK adults are approaching retirement guided more by intuition than by careful planning, according to recent report findings<sup>[1]</sup>. The research reveals that one in six people (16%) rely on gut instinct to determine how much they will need for a financially secure retirement. Alarmingly, nearly two in five (39%) have not calculated their retirement needs at all.

Among these, 43% of Generation X and 34% of Baby Boomers admit they have yet to do the maths. Many are either approaching or have already reached State Pension age. This lack of preparation poses real risks. Nearly half (47%) worry their savings will not last throughout their retirement, including 31% of Baby Boomers. It presents a sobering snapshot of Britain's retirement readiness.

## COMPLEXITY OF RETIREMENT PLANNING

One key reason people resort to guesswork is the sheer complexity of retirement planning. There are countless factors to consider, including inflation, the age at which you expect to retire, lifestyle aspirations and additional sources of income. Making sense of it all without the appropriate tools or guidance can feel overwhelming.

Another challenge is connecting with your future self. For many, retirement feels distant, competing with the immediate demands of daily life. This can make it tempting to postpone planning, hoping it will all come together later. However, delaying can result in missed opportunities to build financial security.

## UNDERSTANDING YOUR RETIREMENT OPTIONS

Navigating your retirement options presents another challenge. Deciding whether to opt for flexible income, lump sums or a guaranteed lifelong income (annuity) can be perplexing. Each option comes with its own potential benefits and risks. For instance, drawdown offers flexibility but relies on investment performance, whereas annuities provide stability but afford little room for change.

Fully understanding these options is vital for making the right decisions. Many pension plans allow you to combine approaches to meet your needs, but not all providers offer every option. Reviewing your

pension plan's features and seeking financial advice can help you remain on track.

## HOW MUCH WILL YOU NEED?

A significant aspect of planning involves estimating how much money you'll need to maintain your lifestyle in retirement. This depends on personal goals and aspirations, ranging from travel and hobbies to home improvements or supporting family members. Each of these elements accumulates, making it essential to calculate their costs.

To stay informed, regularly review the value of your pension plans and consider future projections using tools such as pension calculators. In addition to pensions, income from other sources, like rental properties, part-time work or investments, can provide extra security. Customising your forecasts to your unique circumstances is essential. ■

## Source data:

[1] Ipsos Mori conducted research among 6,000 UK adults. Fieldwork was conducted between July and August 2024. Data was weighted post-fieldwork to ensure the data remained nationally representative on key demographics.

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## IS IT TIME TO ESTABLISH A CLEARER FINANCIAL ROADMAP FOR YOUR RETIREMENT?

If you are uncertain about where to start or would like assistance in understanding your pension options, expert help is just a call away. Contact us today to discuss your needs and discover how you can create a more precise financial roadmap for your retirement. It's never too early – or too late – to begin planning for the future you deserve.