



# Lasting the distance

The early retirement dream lives on, but at what cost?

Whether you choose or need early retirement, having a plan can give your money the best chance of lasting the distance. Whether lifestyle preferences or circumstances beyond your control are behind your decision to retire early, you'll need to make a plan to help your retirement savings last, while still enjoying your favourite comforts in life.

But with increasing numbers now working past traditional retirement ages<sup>[1]</sup>, stopping work can seem a long way off, especially for younger people. But the good news is that the early retirement dream lives on, according to new research<sup>[2]</sup>.

## ESCAPE THE DAILY GRIND EARLY

Nearly two thirds (60%) of those stopping work this year are doing so before their expected State Pension age or company pension retirement date. The study also found that the average expected retirement income, inclusive of savings and State Pension, for those retiring early is £18,567, compared to £21,961 for those not retiring early.

It appears that those planning to escape the daily grind early feel the most comfortable when it comes to their financial situation in retirement, with over half (56%) saying they feel financially well prepared, compared with 49% of those working towards their expected retirement date. That's reflected in the numbers taking professional financial advice – 68% of early retirees are seeking professional advice, compared with 60% of those working until their projected retirement age.

## MAKE THE MOST OF FREE TIME

The average age of those retiring early is 57, and early retirees will be making the most of their free time – over a third (37%) plan to take up a new hobby or sport, 27% will start voluntary or charity work, and nearly a fifth (17%) are planning a long-term holiday or gap year.

It's encouraging to see that so many of this year's retirees are in a comfortable enough financial position to enable them to retire early. People stopping work early are not planning to put their feet up – they want to keep busy and active by taking up hobbies, sports and charity work, and some are even planning a post-work gap year.

## IDENTIFY THE BEST COURSE OF ACTION

These are nice ways to spend your retirement but can be expensive, and with everyone living longer than ever before, it is vital to ensure you can fund your entire retirement. Seeking professional financial advice can help you identify the best course of action to achieve your specific financial retirement goals at any stage in your working life.

The East Midlands is the early retirement capital of the UK, with 72% of its retirees retiring early, closely followed by Wales (69%) and Yorkshire and the Humber (67%). ■

## TIME TO UNLOCK AN EARLY RETIREMENT?

If you're thinking about early retirement, it's important to understand what this means to you and to have a plan to make it happen. And your planning doesn't stop once you commence your early retirement – you need to be flexible and be prepared to adjust as you move through your life. To discuss your requirements, please contact us.

### Source data:

- [1] <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/fivefactsaboutolderpeopleatwork/2016-10-01>
- [2] 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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