

# HOW FINANCIALLY PREPARED ARE YOU FOR RETIREMENT?



Over time savings goals understandably change and evolve as we move through different stages of life. Whether it's saving to buy our first car or first home, for a wedding or starting a family, careful consideration is the essence of sound financial planning.

Whilst each of these events is important, the one thing we should never overlook is ensuring that we have saved enough money to enjoy a timely and comfortable retirement, whenever and wherever that may be.

### SO WHEN YOU RETIRE, HOW MUCH MONEY WILL YOU NEED?

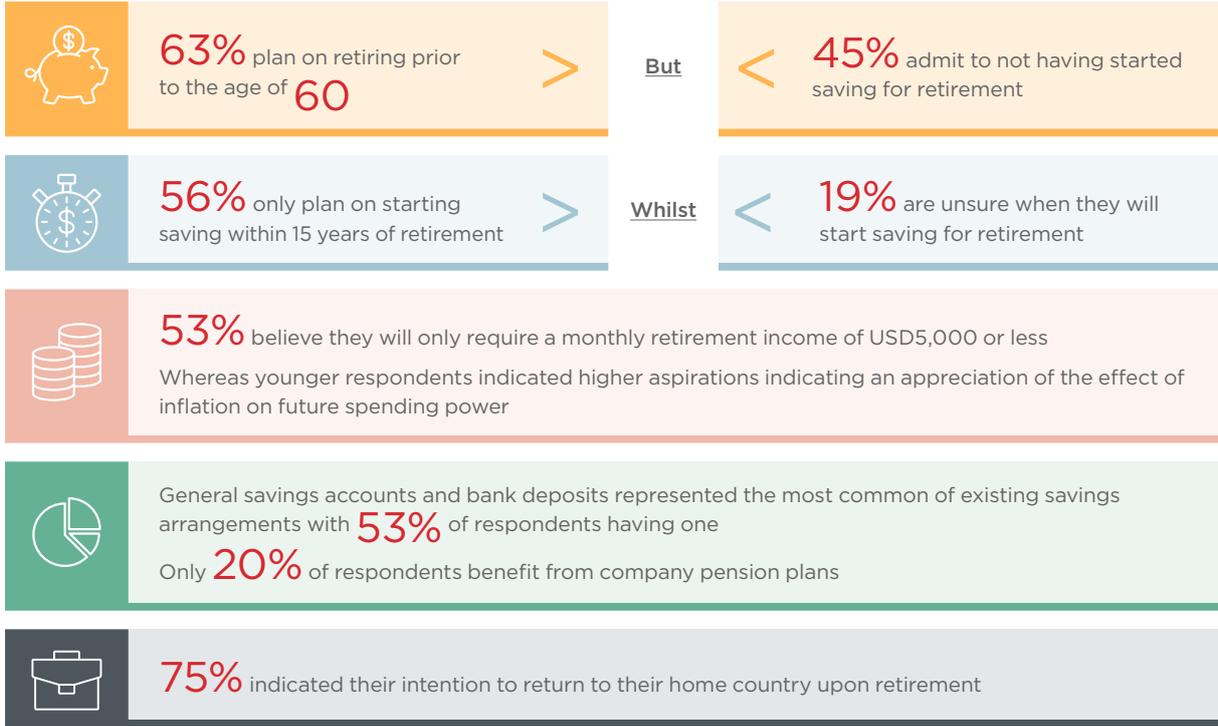
The answer unfortunately will not be the same for everyone and will depend on various factors such as:

- What age you intend retiring
- How much income you believe you will need in retirement
- How long you will need that income to last
- Where you plan to retire
- What other savings or pension arrangements you have

RETIREMENT IS A TIME TO RELAX AND ENJOY THE FRUITS OF YOUR LABOUR, NOT WORRY ABOUT YOUR FINANCES!

### WHAT DOES RESEARCH TELL US?

In association with YouGov we have recently conducted a survey across a selection of 1,009 UAE residents to gauge their retirement plans and expectations. The results make for some very interesting reading as you'll see below.



## CONSIDERATIONS FOR A COMFORTABLE RETIREMENT

### Starting early

The single most important thing you can do is to start saving early. The earlier you start, the more time there will be for your investment to grow, for it to weather any temporary market volatility, and make the overall cost more affordable.

To illustrate the benefits of starting early, let's assume you are targeting a monthly retirement income of USD2,000 to last for a period of 30 years. If you started saving 25 years before retirement you would need to save somewhere in the region of USD480 per month\*. If, however, you deferred saving by 10 years this would increase to USD1,130 per month\*. So, to achieve the same retirement income you would need to save an additional USD59,400.

With 45% of survey respondents admitting to not having started saving for retirement yet, it is evident that many risk falling short of achieving a comfortable retirement.

\* Source: <https://www.unbiased.co.uk/cost-of-delay>

### Repatriating upon retirement

Whilst working abroad can offer excellent financial rewards it will invariably mean that you are unable to remain in a home country pension scheme. Whilst you may have accrued a deferred pension pot, the amount is unlikely to provide a sufficient income in retirement.

Additionally working outside of your home country for a long period may also mean that you do not qualify for a state pension on repatriation.

With no official retirement scheme for the majority of expatriates in the UAE, it is vital personal responsibility is taken to ensure a financially independent retirement.

## IF YOU AREN'T MAKING ANY ALTERNATIVE PLANS FOR RETIREMENT YOU COULD BE IN FOR A NASTY SHOCK!

### The effect of inflation

When planning for retirement it is important to consider the effect of inflation on future retirement income.

For example, assuming inflation runs at 3% per year, if you calculate you need a retirement income of USD2,000 per month, based on current cost of living, in 25 years time this would need to be USD4,066 to provide an equivalent income.

## DON'T PLAN FOR TOMORROW BASED ON TODAY!

### Plan for a longer retirement

People are living longer today than at any other time and, with continued advancements in medical science and better social and economic environments, this trend of increasing life expectancy is predicted to continue.

This, combined with aspirations to retire earlier, means that people are spending longer in retirement and therefore need to provision accordingly.

## SPEAK WITH YOUR FINANCIAL ADVISER

Wherever you see yourself in readiness for retirement it is important that you regularly discuss your personal circumstances with your financial adviser. This will allow you to review your plans and also identify what gaps, if any, may exist that could prevent you from achieving your retirement goals.

## REGULAR SAVING PLAN

If it is identified that you need to start saving or make additional savings for your retirement, one option to consider is a savings plan such as the RL360 Regular Savings Plan. The plan offers a range of features and benefits that can help you build a retirement fund to ensure that you are financially secure when it is time to retire.

Product highlights can be viewed on our website via [Offshore Regular Savings Plan for Global Investors | RL360](#).

Further details are also available in the Regular Savings Plan Product Guide which is available from your financial adviser.

