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How has COVID-19 affected retirement plans?

Attitudes and aspirations of this year's retirees

The coronavirus (COVID-19) pandemic has impacted on every aspect of our lives, affecting individuals' financial situation and, for many, their plans for retirement. If you are approaching retirement in the next 12 months, your plans should be under continuous review.

We take a look at new research which has highlighted the attitudes and aspirations of this year's retirees^[1].

SHIFTING ATTITUDES

The pandemic has shifted attitudes and priorities across almost all aspects of people's lives, but specifically, the timing of retirement is one thing that has changed for many. The research uncovered that 37% of people have brought forward their retirement date in the past 12 months. The opportunity to work from home and escape the daily commute has freed up time to enjoy other things.

It has provided a glimpse into what retirement might look like – and many like what they see. Some may have found themselves forced into an early retirement due to a change in work circumstances or redundancy. However, others were doing the opposite, with 12% deciding to delay retiring.

When you choose to retire is important, as the timing of it can limit or increase your earning potential prior to retiring. If you are considering changing your retirement date, it is important to discuss with us your updated plans so we can help you understand any impact this may have.

FLEXIBLE RETIREMENT

Traditionally, when we think of retirement we think of the departure from working life. Although people often look forward to giving up work as part of their retirement plans, others have no intention of doing so fully.

Whether it be a financial or emotional driver, the growing trend of working in retirement is clear from the research. Just 44% see retirement as giving up work completely.

The rise in flexible working as a result of COVID-19 has also been a contributing factor, making stepping back rather than stepping away





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much more achievable than ever before, with 22% planning a more flexible retirement by simply reducing their hours.

FINANCIAL IMPACT

Unsurprisingly, travelling remains a key aspiration. However, research shows that 30% of people have had to reconsider their travel or holiday plans in retirement.

As a result of COVID-19, uncertainty around safety and travel restrictions has led to more and more people choosing a 'staycation' or investing in a UK-based holiday home rather than heading overseas.

Whether you're swapping the Côte d'Azur for the Cornish coast or simply delaying your travel plans, it's important to consider the financial impact, if any, that changing your original plans may have.

CROSS-COUNTRY MOVES

Lockdown living forced many of us to reassess what is important, with 51% worrying about not being able to do the things they want to in retirement.

As mentioned, travelling is one concern. However, for 43% of people, not being able to spend time with family and friends has been a worry. For the peace of mind that another national lockdown won't hinder the opportunity to visit loved ones, there has also been a trend in cross-country moves to be nearer to children and grandchildren.

A move in retirement may not have been on the cards prior to the pandemic; however, this may now have become a priority for many.

REVIEWING YOUR PLAN

In times of uncertainty, making a plan can seem like a waste of time. However, it's important to think ahead to retirement and review your plans for the future, and even more so as we face up to the protracted coronavirus crisis.

It's concerning to see some individuals accessing pension funds earlier than planned, with others thinking about this option. While this may alleviate short-term financial pressures, it leaves less of a retirement fund to provide an income throughout what can be decades of retirement.

It's important not to rush into making life-changing retirement decisions without first seeking professional financial advice. ■

HOW RESILIENT ARE YOUR FUTURE FINANCIAL PLANS?

There's a whole lot to think about when you're planning for retirement. Talk to us today about your future financial plan and we'll help you make sure it is a resilient one. To discuss your requirements, please contact us.

Source data:

[1] Research by Standard Life Aberdeen, carried out in February 2021 by 3Gem – 1000 adults, aged 55+ and still working.

