

GUIDE

Retirement vs Life Expectancy

This document contains important information and you should read it carefully and keep it safe for future reference.



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IMPORTANT INFORMATION

The content of this guide is intended for general information purposes only which is not intended to address your particular circumstances. It is based upon our understanding of current legislation and HMRC guidance, The content should not be relied upon in its entirety and shall not be deemed to be, or constitute advice. While we believe this interpretation to be correct, it cannot be guaranteed that such information is accurate as of the date it is received or that it will continue to be accurate in the future. We cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained herein.

In the UK, the average life expectancy is currently 81 years old. However, the current retirement age is 66, and is set to gradually increase to 67 between April 2026 and March 2028.

This change will affect people born after April 1960. This means that on average, people in the UK are living over a decade beyond their retirement age. This has led to many discussions and debates about the UK's retirement age and the impact it has on people's lives.

One of the key arguments for raising the retirement age is the increasing life expectancy of people in the UK. The retirement age was originally set at 65 years old and in 1940 the women's state pension age was lowered to 60 when the average life expectancy was much lower than it is today. However, with medical advancements and improvements in healthcare, people are living longer and are able to work for a longer period of time. As a result, the retirement age was raised to reflect this.

However, there are also concerns about the impact that raising the retirement age will have on people's health and wellbeing. Working until the age of 66 or beyond can be challenging for many people, particularly those in physically demanding jobs or those who suffer from health problems. There is also a concern that raising the retirement age could have a negative impact on the mental health of older workers, who may feel trapped in their jobs and unable to retire when they would like to.

As it stands, you start to receive your state pension at the age of 66, to be increased to 67 between 2026 and 2028, however, many of the younger working cohort worry they will not live to see their state pension with it rumoured to be increasing to as high as aged 71 by 2050.

Despite these concerns, many people argue that raising the retirement age is necessary to ensure the sustainability of the UK's pension system. With an ageing population and fewer younger workers entering the workforce, there are concerns about the ability of the pension system to support the growing number of retirees. Raising the retirement age is seen by many as a way to address this issue and ensure that the pension system remains viable in the long term.

A pension is a long-term investment not normally accessible until 55 (57 from April 2028). Investments carry risk. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available.

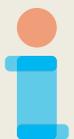
Workplace pensions are regulated by The Pensions Regulator.

Can I retire before I reach state pension age?

In short, yes you can, if you can afford to. The reason the retirement age is set to 66 is because that is when you can access the government state pension, subject to eligibility of paying national insurance for between 10 and 35 years.

If you have come into money, perhaps through an inheritance, lottery win or extreme investment growth returns, you may wish to retire and pursue other hobbies and interests. If you do come into significant money, it is advisable to utilise the support of a financial adviser to ensure that your money will last for your lifetime.

The earliest you can access most private or workplace pensions is 55, rising to 57 in 2028. However, there are some exceptions to this, for example if you are 'forced' to medically retire as you are not in good enough health to continue doing your job. Different pension schemes have different rules so it is important to check with your provider what you will be able to withdraw if you retire from ill-health before the age of 55. If you are diagnosed with a terminal illness with less than a year's life expectancy, you might be able to take all of your pension as a tax-free lump sum. You will need to provide the supporting evidence if you want to access your pension because of illness.



It is important to seek the support of a financial adviser if you have to retire earlier than you planned so that they can best help you to manage your finances and explain any potential consequences of accessing pensions early.

How much will I need to retire at state pension age?

Many financial experts recommend having a retirement nest egg of at least £300,000, but this figure can vary widely based on personal factors.

This is why it is essential to consult with a financial adviser who can provide tailored guidance based on your specific situation and retirement goals.

Research from the [retirement living standards](#) indicates that in order to maintain a 'minimum' standard of living in retirement, which means covering essential expenses and participating in minimal leisure activities, individuals will require £14,400 annually if they are single and £22,400 for a couple. On the other hand, to enjoy a 'comfortable' retirement, characterised by having greater financial flexibility and the ability to indulge, the recommended amounts are £43,100 annually for a single person and £59,000 for a couple.

Estimating your life expectancy

There are online tools available to predict your life expectancy.

The Office for National Statistics offer a free online calculator based on your current age and sex however, this only goes so far. As previously mentioned, your life expectancy is mainly related to your health and lifestyle choices.

Life expectancy is a prediction, not set in stone, therefore it is important to plan for the best-case scenario when looking at your retirement income.

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