# PREPARE FOR TOMORROW, TODAY

*Written by* Adam Brookbanks

Adam Brookbanks offers some advice on setting out your retirement roadmap

For many, retirement is too far off to consider making concrete plans. We're concentrating on working hard and putting time and effort into our careers, so there isn't much capacity, and often motivation, to concentrate on the longer term. We're often being encouraged to 'live in the moment' and focus on the 'here and now' and since no one can predict what will happen or where we'll be at the end of the year, let alone the end of the decade and beyond, many of us focus on shorter term goals and aspirations. For many of us the world of finance can appear complicated and retirement financial planning is not often at the top of today's agenda.

ADAM BROOKBANKS DIPFA
Adam Brookbanks a director at FTA Financial & Wealth Management. Adam holds the Diploma for Financial Adviser (DipFA) and has been awarded professional status by the Institute of Financial Services (IFS). Adam has been an independent financial adviser for three years, having worked in the financial services as a technical consultant and paraplanner previously.

## RETIREMENT ROAD MAP

However, when our work days are over most of us would want to retire with a sound financial platform on which to enjoy our retirement years. This requires thought and planning and a road map to reach the desired end goal. The reality is that those who set aside the time to create and implement a saving and investment strategy as early as possible in their work life are likely to reap the most return in the long term. And for those who don't feel there is much to spare in their budget today, the positive is that it isn't necessarily the amount put aside but the time period over which it is invested.

Let's take a simple example of what this could look like in practice. One person decides to invest £100 per month into a ten-year bond scheme paying 0.5% per month interest. After 10 years, the £12,000 investment is worth nearly £16,500. Another person joins a similar five-year scheme, delaying the start of the investment by five years. Their £6,000 investment grows to just under £7,000. For the first person, saving for 10 years, the annual cumulative interest is almost triple the amount of the second person who saved for just five years.

Making a saving and investment strategy requires a large dose of realism in setting your financial goals whilst assessing your current spending and capacity to save. Plans may be reviewed and changed over time but this should reflect considered changes in personal circumstances rather than decisions for short term convenience. The good news is that there is a range of savings and investment products which take into account the unique needs of the individual investor such as attitude to risk, employment status, marital status and tax considerations.

## STARTING TO PLAN

The evidence for early planning appears convincing but knowing where to start can be difficult. Understanding the details of your current income and expenditure is key. Here at FTA Wealth, we would ask you to look at your monthly expenditure and categorise every cost item under a number of headings such as household bills, living costs, finance and insurances, family and friends, travel and leisure. The purpose of this exercise is to work out your 'disposable income', the money you have left over at the end of each month, after tax, that is available to spend and possibly, should you choose, to commit to your retirement funds.

After this assessment, you may feel that your monthly disposable income figure isn't sufficient to commit to other investments. However, if making room for retirement investment is an important one you may wish to consider reducing some expenditure items to increase the figure left over each month. The pros to saving for retirement from an early stage are compelling, with tax-relief, long-term growth and increased chances of reaching your objectives. If you are not yet ready to commit capital until retirement but wish to save then there are many tax-efficient investments which can be accessed at any time if needed. FTA Wealth typically recommend a mixture of long-term and short-term investments for early-stage investors, ensuring you benefit as much as possible whilst retaining flexibility.

With this exercise completed you will want to consider what you might expect to achieve through your current savings, investments and assets, including your state pension and any other company or personal pensions you hold. Most pension companies provide an online estimator, which allows you to calculate your potential pension pot based on the amount and length of investment, and when you would like to retire. These calculators are a great way to see the effect of time on investment – both when you start investing and when you stop!

If your current savings and investments are not going to meet your expectations in retirement then looking at how best to deploy some of your current monthly disposable income to a retirement financial plan would seem prudent. The earlier you start, the more growth and tax-relief possible, giving you the best chance of reaching your goals. ●

**FTA FINANCIAL & WEALTH MANAGEMENT**
FTA Financial & Wealth Management are an experienced independent financial advisory firm, who specialise in advising healthcare professionals and their families on a range of advice. Our expertise can ensure that you meet your financial objectives throughout your working life and in to retirement.
**TELEPHONE:** 0330 053 5745
**EMAIL:** info@fta-fwm.com
**WEBSITE:** www.fta-fwm.com

**COMMENTS TO PRIVATE DENTISTRY**
@ThePDmag