

The Importance of Understanding Longevity When Planning Your Retirement

Why planning for a longer life is the key to a retirement you can truly enjoy

This guide contains 14 pages and will take approximately 12 minutes to read



What's Inside

This guide explores why understanding how long your retirement could last is essential for making the right financial decisions. From life expectancy data to practical planning steps, we cover everything you need to know.

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A Retirement Worth Living

Why Longevity Matters

People in the UK are living longer than ever before. A 60-year-old man can expect to live for another 20 years, and a woman for 23. This means that many people will spend a significant portion of their lives in retirement, and it's important to plan for this.

For a longer life, you need a longer retirement. Understanding what you need for your retirement is the first step towards making it happen.

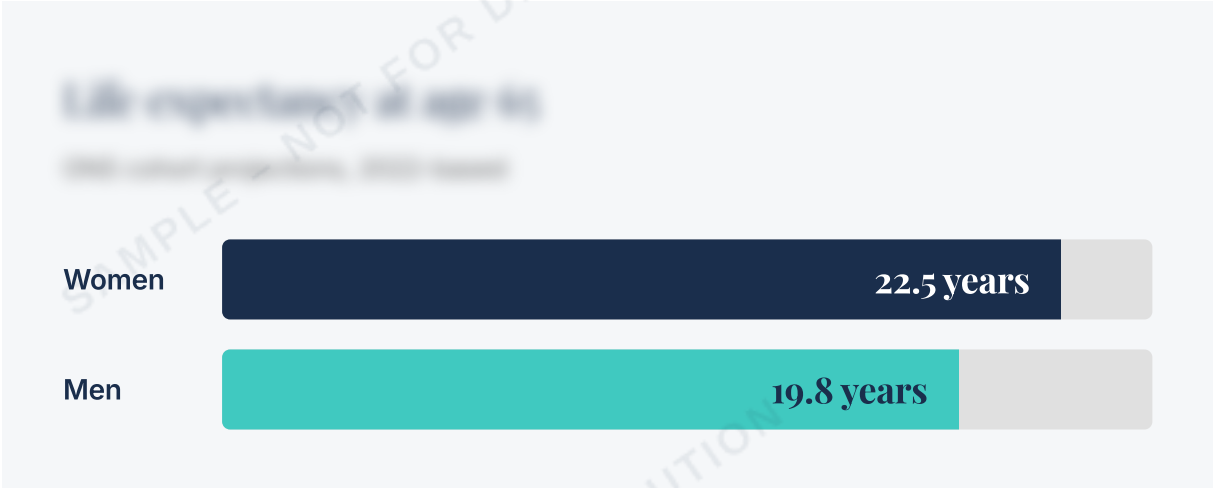
Key facts

- Only 40% of adults have sufficient savings to live on for life.
- People consistently underestimate how long they will live.
- Living over 85 years old has increased from 1 in 10 to 1 in 5.



How Long Could Your Retirement Last?

The numbers are averages and official statistics from the Office for National Statistics show that retirement could last for longer than most people expect.



Why these numbers matter

These are averages, and not all of you will fall into these ranges. But when planning, it's important to have realistic estimates, suggest your retirement could last 22.5 years longer than the headline figure says.

The Gap Between Living and Living Well

Living longer is great news. But how many of those years will you spend in good health? The answer has important implications for how you plan your finances.

Healthy life expectancy

According to the CDC, men can expect to spend around 63.7 years in good health, while women can expect 62.9 years. That means that typically spend 20% of their lives in good health, and around 20%.

What this means for your plans

Your retirement may have two distinct phases. The earlier years phase for travel, hobbies, and family time, followed by a quality-of-life phase where health and care costs become more significant. Planning for both stages is essential.

Did you know?

Healthy life expectancy is the average number of years a person is expected to live in good health. It is different from life expectancy, which is the average number of years a person is expected to live, regardless of health. Healthy life expectancy is typically 10-15 years shorter than life expectancy.

What Does Retirement Really Cost?

The numbers and living costs are illustrative and based on assumptions. Retirement living standards showing how much you need for different standards. These are the figures for 2025/26.

Living Standard	Single Person	Couple
Minimum	£13,400/year	£21,600/year
Moderate	£31,700/year	£43,900/year
Comfortable	£43,900/year	£60,600/year
Full State Pension	£11,973/year	£23,946/year
Gap (Moderate)	£19,727/year	£19,954/year
Pension pot needed	£270,000+	£270,000+ each

The longer you live, the more you need.
 These figures assume a 25 year withdrawal rate over 25 years of retirement. The rate will rise significantly and inflation will also be a factor over your retirement period.

The State Pension: Your Foundation

The State Pension provides a valuable base of guaranteed income for life. It will be worth around £10,000 a year (around £830 a month) at age 67.

How much will you receive?

The full new State Pension is £10,435 per year (£870 per month) for 2025/26, rising to £10,680 from April 2026 thanks to the triple lock. You need 35 qualifying years of National Insurance contributions to receive the full new State Pension.

State Pension age is rising

The State Pension age is increasing from 66 to 67 between April 2024 and April 2026. A further rise to 68 is planned for 2028 to 2030, though the exact date will depend if you were born after 1 April 1953. The change to 67 affects you directly.

Filling the income gap

Even with a full State Pension, a couple retiring early will need more than a mortgage interest rebate. We can help you fill the income gap using ISAs, pension annuities, dividend savings and more.

Key Figures

£10,973

Full new State Pension per year 2025/26

4.5%

Triple lock average for April 2026

67

New State Pension age from 2026

Making Your Money Last

When you reach retirement, you'll have several choices about how to turn your pension and IRA income. The two most common ways have distinct advantages.

Pension Drawdown

- ✓ Flexible income you control
- ✓ Withdrawal limits set by law
- ✓ Flexible tax treatment options
- ✗ Income is not guaranteed
- ✗ Risk of running out of money

Get the
How working flexibility and setting a target withdrawal rate

GUARANTEED Annuity

- ✓ Guaranteed income for life
- ✓ No investment risk or volatility
- ✓ Rate currently around 5%
- ✗ Less flexibility over payments
- ✗ Hardly to understand rules

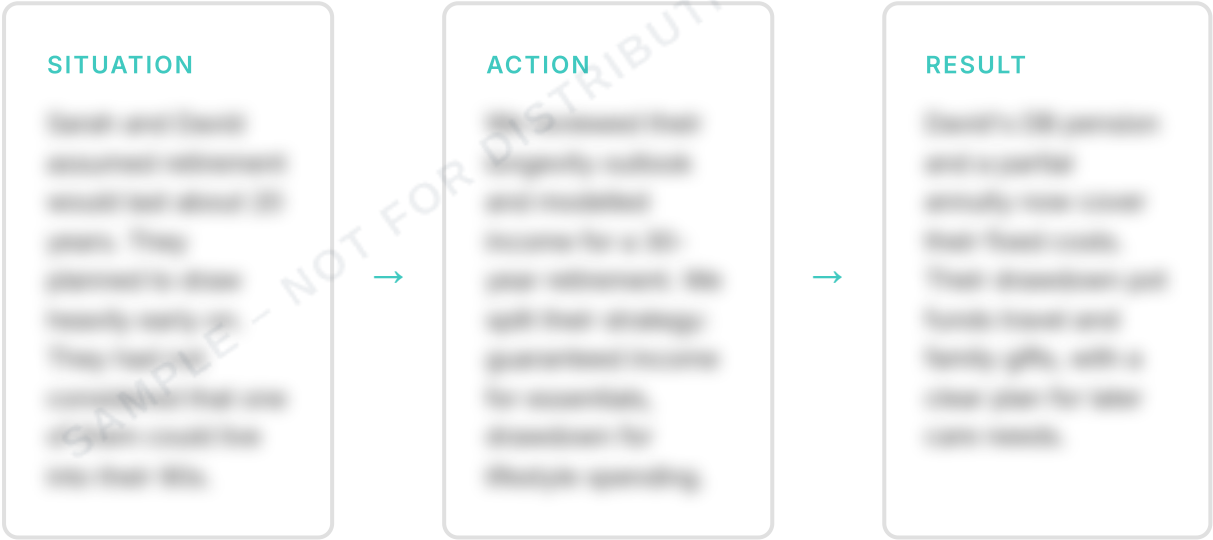
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How working flexibility and setting a target withdrawal rate

Sarah and David's Story

How understanding longevity risk can help you for the retirement they wanted

S&D

Travel in their 60s Help children with deposits Stay independent



How understanding longevity risk can help you for the retirement they wanted



The Silent Threat: Inflation

Inflation may not make headlines every day, but over a 30-year retirement it can eat your purchasing power in half. At just 3% annual inflation, something costing \$100 today will cost \$150 in 30 years.

Research shows that if inflation averages 3.5% rather than the Bank of England's 2% target, pension pots could run dry 7 years earlier than expected. Even modest inflation compounds stealthily over a long career.

Don't fight the bigger picture

Inflation protection should be part of your wider retirement strategy. We can help you balance growth investments, inflation-linked income and cash savings to maintain your spending power throughout retirement.

Planning for Care in Later Life

With people living longer, the impact of needing care increases. Average retirement age has risen from 65 to 67, and people are living longer. Planning ahead is essential.

1 Understand your personal situation Consider your health, family, and financial resources. Identify potential care needs and costs. Review your will and estate plan.	2 Review your health Regular medical check-ups and screenings. Manage chronic conditions. Consider long-term care insurance.
3 Understand your home's role Assess home safety and accessibility. Consider modifications like ramps and grab bars. Evaluate the cost of home care services.	4 Check your state's policies Research long-term care insurance rules. Understand Medicaid eligibility requirements. Review state-specific regulations.
5 Explore funding options Consider Social Security benefits. Evaluate pension and investment income. Review tax implications of various funding sources.	6 Review your portfolio Diversify investments for long-term growth. Consider annuities for steady income. Reassess risk tolerance as you age.
7 Set up your will Ensure your assets are distributed as you wish. Name beneficiaries for retirement accounts. Consider a trust for asset protection.	8 Review your support network Identify family members or friends who can help. Consider professional care services. Explore community resources.
9 Plan for long-term care Research nursing homes and assisted living facilities. Consider in-home care services. Evaluate the quality and cost of care options.	10 Stay active Engage in hobbies and social activities. Maintain physical and mental health. Consider part-time work or volunteering.

Your Longevity Action Plan

Planning for a longer retirement can feel overwhelming. Start with these five practical steps.

- 1** **Check your State Pension forecast** **10 MINS**

Get your forecast state pension to see your projected State Pension and identify any gaps to your National Insurance record.
- 2** **Review your pension statements** **15 MINS**

Check recent statements from workplace and personal pensions. Note the total value and any investment benefits.
- 3** **Estimate your retirement spending** **20 MINS**

Use the Financial Retirement Needs Standards as a starting point. Be honest about what a fulfilling retirement looks like for you.
- 4** **Consider your health outlook**

Think about your family health history and lifestyle. This helps us plan for both active and quieter phases of retirement.
- 5** **Book a longevity review with us** **5 MINS**

We will review your full pension portfolio, savings, state benefits and property. Together we will build a plan designed to last.

Ready to take the next step?
Call us on **0800 000 0000** or email advice@pensions.com to book your free **100% confidential** review.



Your Financial Adviser

Your retirement could last 30 years or more. Let's make every year count.

Understanding longevity is the foundation of a retirement plan that truly works. We are here to help you build a strategy that gives you confidence, security and freedom for as long as you need it.

Book your free longevity review

Call 0800 XXX XXXX or email advice@example.com