



Press Release

How can I make sure to get myself into a financial position to retire at 55?

I'm 50 and would like to retire when I'm 55. While I have a pension through work, I can only access it at the age of 65. I own two rental properties – both of which will have their mortgages paid off by the time I'm 55. So, I'm intending to live off their rental income if I retire then. The mortgage on my family home will also be paid off by the time I'm 55 too. Would you have any advice about how I can make sure to get myself into a financial position to retire at 55? Is there anything else I should do to prepare myself for an early retirement? And would it be a mistake for me to retire so early?

Answer: Mark Reilly, Pension Proposition Lead, Royal London Ireland

You seem to be in a strong financial position regarding your plans to retire early. The income you expect to earn from your rental properties will certainly prove valuable here, as will your plans to have your mortgaged debt cleared by the time you are 55. In addition, your ability to access a work pension at the age of 65 will boost your retirement income at that stage of your life.

While all seems to be in hand, it's worth noting that like anything in life, the future is never 100% certain, so just be mindful that you might need to make some tweaks to your retirement plan along the way. You might need to have a contingency plan in place if your financial circumstances were to unexpectedly change in the coming years due to unforeseen circumstances (such as illness or redundancy) arising.

Be sure that the work pension you can access at the age of 65 is adequately resourced and will deliver the retirement income you are expecting from it. If the retirement income falls short of your expectations, you may need to save more into this pension before you retire and/or postpone your early retirement.

People often underestimate the amount of money they need to have saved up for retirement, as well as the amount they will spend at that stage of their lives. When thinking about how much you will need to fund a comfortable retirement, plan your retirement spending carefully so that you don't run out of money too quickly. Weekly budgets can be hugely helpful in this regard. In addition, prepare for the expenses that you might face in the latter part of your retirement, such as healthcare or nursing home care.

The rental income will provide ongoing financial support, which is great, but be sure to consider any expenses associated with those properties - such as maintenance, insurance and tax. This will help you to determine whether that level of rental income is sufficient until you can access your work pension at the age of 65. There could be periods of time when your properties may not be able to be rented out. It would be important to have sufficient savings at hand which you can access during such times.

If you have any other debts, such as credit cards, overdrafts or credit union or car loans, it is important to aim to clear these before you retire too.

In terms of your investment profile as you approach retirement, it is so important to take independent expert financial advice if making any major investment decisions and regularly review your investments and pension to ensure they're living up to your expectations.

Early retirement often brings opportunities to travel and spend more time with family as well as to explore new hobbies. There can also be health benefits to retiring early, particularly if you have a very stressful job.

However, there can be a lot of hours to fill when you retire so for many people, work gives them a sense of purpose and identity, as well as a daily routine – all of which can be lost at retirement unless adequate preparation is put in. So be careful to plan your early retirement well and to have a positive attitude too as this will help immensely.

ENDS

Notes to the Editor:

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