Manning Gee Investments
Sustaining Wealth and Trust

Retirement: A Practical Guide to Building, Protecting, and Enjoying Your Retirement Income

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Introduction

At Manning Gee Investments, we are passionate about financial planning at every stage of the retirement journey. In fact, we would argue that while it may not seem “cool” to think about retirement in your 20s, this is exactly when you should start.

Research supports this early-start approach. A BBC article recently highlighted that almost half of working-age adults in the UK are not paying into a private or workplace pension. The self-employed, low earners, and women are particularly at risk of missing out. The reasons are understandable: the need to cover day-to-day costs, fluctuating earnings, or saving for a house deposit often take priority over long-term planning. Yet delaying contributions can make a huge difference to retirement outcomes. According to the Pensions Policy Institute, starting to save at age 25 rather than 35 can mean retiring with a pension pot up to 50% larger, thanks to the power of compounding.

The retirement landscape is also shifting. Many financial planners now focus on clients with £300,000 or more in investable assets, and those who do accept clients from £100,000 often apply high minimum fees, pricing many people out of tailored advice. This is part of the wider “advice gap” in the UK, where more than 12 million people could benefit from advice but are not currently receiving it (FCA, 2022).

The challenge is bigger than access to advice. The concept of retirement itself has changed. The state pension age was originally set when many people didn’t live long enough to claim it, today, average life expectancy at age 65 is around 19 years for men and 21 years for women (ONS, 2024), meaning most of us will spend two decades or more in retirement. At the same time, the “gold-plated” final salary pensions that once guaranteed a lifelong income have all but disappeared for new members: in 1979 there were around 8 million active members of private sector defined benefit schemes; today that figure is fewer than 900,000 (ONS, 2023). Legislative changes, whether to pension tax rules, inheritance tax, or state benefits, add another layer of uncertainty.

At Manning Gee Investments, we believe clients with £100,000+ in investable assets deserve high-quality, holistic, and values-based advice without punitive barriers to entry. While we would be delighted to work with you directly, this white paper is designed as a practical, jargon-free guide to help anyone start building, protecting, and enjoying a sustainable retirement, whatever stage of life you’re in.

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Defining Your Retirement Vision

When we were newly married, we often visited Exmoor and dreamed of buying a house in Minehead. Nearly 30 years on, those dreams have evolved. The point is this: it's good to have plans, but it's equally important to recognise that they will likely change, especially if you start thinking about them early.

Many people see retirement in terms of numbers, or perhaps glossy images from adverts, sports cars, golf courses, sun-soaked villas. While there's nothing wrong with these aspirations, retirement is about much more than numbers or stock images. It's about your life, your priorities, and how you want to spend your time.

At 20 or 30, retirement can feel like a distant, almost irrelevant concept. But starting with something, even a loose vision, is the first step. Your plans will evolve as life changes, and that's exactly how it should be. As you grow older, your vision can become more specific. Ask yourself:

- What are my lifestyle goals?
- Do I want to travel?
- Spend more time on hobbies or creative projects?
- Provide financial support to family?
- Focus on charitable giving or philanthropy?

Starting to think about these questions early provides a foundation for a plan. According to research by the Pensions Policy Institute, those who start saving and planning in their 20s can end up with up to 50% more retirement income than those who delay until their 30s, purely due to the power of compounding over time.

Retirement itself has changed. It's no longer a fixed point where you reach 65, collect your belongings in a cardboard box, and wave goodbye to work. Today, many people opt for a phased approach, reducing hours at 50 or 55, shifting to consultancy or part-time work, and sliding gradually into full retirement at their own pace. If that's the kind of transition you'd like, planning needs to begin decades earlier, not at the last minute.

Defining Your Retirement Vision

The starting point is you, your values, your aspirations, your non-negotiables. If you have a partner, have this conversation together to create a shared vision. At Manning Gee Investments, we've seen first-hand how individual goals differ: we have clients who are living their perfect retirement on £1,000 per month and others who need £5,000. The figures themselves are meaningless without context. What matters is that your plan reflects you, and is flexible enough to adapt when life inevitably changes course.

As the saying goes, "Plans are useless, but planning is indispensable." The earlier you start defining your vision, the better positioned you'll be to make it a reality, whatever that reality turns out to be.

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The Foundations of a Retirement Plan

It's essential to understand that retirement is not just about the size of your pension fund. For most people, there will be multiple sources of income, pensions, ISAs, savings, property, investments, and sometimes business assets. Some of these, like business sales or rental income, can be harder to predict, but they should still be considered in your planning. In our experience, a good retirement plan looks at everything in the melting pot, even if the values or timing are uncertain.

One area many people avoid thinking about is their spending habits. The Financial Conduct Authority (FCA) suggests splitting retirement income needs into three categories:

- Basic – essential costs such as housing, utilities, and food.
- Lifestyle – holidays, hobbies, memberships, dining out.
- Discretionary – luxury purchases, gifts, philanthropy.

While you might have no clear sense of these categories in your 20s, as you approach retirement, the "retirement runway", understanding them becomes critical. It's often surprising how quickly lifestyle and discretionary spending can add up.

We often assume that expenses will naturally fall in retirement, but this is not always the case. For today's 20-year-olds, retirement costs could look very different compared to 30 years ago. For example:

- Housing – More people may still be renting in later life, which adds a fixed cost that previous generations often avoided once mortgages were paid off.
- Healthcare & care costs – Longer lifespans mean higher likelihood of needing care, whether in the home or in a facility.
- Travel & leisure – Many retirees now use their early retirement years to travel extensively, increasing early-stage spending.

The Foundations of a Retirement Plan

When looking at the “magic number” you need for retirement, one factor is often underestimated, the silent killer: inflation. At 3% annual inflation, £5,000 p.m. today will have the equivalent purchasing power of just over £2,700 p.m. in 20 years. Without investment growth that outpaces inflation, your spending power can erode dramatically.

Legislation and regulation also play a big role. For example, the upcoming 2027 pension changes highlight how rules can shift, impacting how benefits are taxed and how wealth is passed on. Retirement planning is therefore not just about building wealth—it’s about:

- Adapting your plan as your life changes.
- Responding to external shifts in legislation, tax policy, interest rates, and market movements.
- Integrating estate and legacy planning to ensure your assets are protected and passed on tax-efficiently.

A strong retirement plan is a living document. It evolves as your circumstances change, and it’s reviewed regularly to ensure it still works for you. We’ve seen clients who initially planned for modest retirements but later decided to start businesses, buy second properties, or support grandchildren’s education. Others have faced unexpected challenges, health issues, redundancy, or family events, that meant reshaping the plan. The key is flexibility: your plan should be able to weather both opportunities and storms.

Managing Risks in Retirement

Life is full of risks. Although it's not the cheeriest reading, the Office for National Statistics (ONS) publishes data on causes of death in the UK, most are predictable, but some, like accidents and falls, are unexpected. Even crossing the road carries risk.

Retirement is no different. In fact, it has arguably become more complex to navigate. While some people choose to manage their retirement income and investments themselves, understanding and planning for key risks is essential to keeping a retirement plan on track. Here are some of the main risks to consider:

Longevity Risk

We are living longer. The ONS reports that the chance of living into your 90s has increased significantly over the past 30 years. A man aged 65 today has a one in four chance of reaching 92; for women, it's closer to one in three. This is positive, but it means your income must be planned to last 25–30 years or more.

Example: A retiree planning for 20 years of income may find themselves running out of money if they live for 28 years instead. Longevity insurance strategies, such as annuities or deferred income products, can help address this.

Market Risk

Investment markets do not move in a straight line. The value of your portfolio can rise and fall and withdrawing money during a market downturn can have a lasting impact, a problem known as sequencing risk.

Example: If you start with £100,000 and withdraw £5,000 per year, a 50% market drop reduces your pot to £50,000. Continuing to withdraw at the same rate now means taking 10% annually, making it much harder for the portfolio to recover. Strategies like holding a cash buffer or adjusting withdrawals in down years can help mitigate this.

Managing Risks in Retirement

Health & Care Costs

Living longer often means an increased likelihood of needing healthcare or long-term care. The Money and Pensions Service reports that one in four people aged 65 will need some form of long-term care during their lifetime. These costs can be significant, particularly if self-funded.

Example: Residential care can cost £800–£1,200 per week in some UK regions. Without planning, this can erode retirement savings quickly. Including care cost scenarios in retirement forecasts provides better preparedness.

Tax & Legislative Risk

Tax allowances and legislation are constantly evolving. Frozen allowances and stealth taxes already reduce the value of tax-free income over time. Upcoming changes, like the 2027 pension reforms, may impact how benefits are taxed or inherited.

Example: A retiree relying on the current personal allowance and dividend allowance may find themselves paying more tax in future if these thresholds are cut or remain frozen while income rises. Regular reviews help keep your plan compliant and tax-efficient.

Diversification & Contingency Planning

Retirement planning should never rely on a single income source or investment type. Diversifying across asset classes, tax wrappers, and income streams builds resilience. Equally important is having contingency plans for unexpected events.

Example:

- Maintaining an emergency fund for one year's essential expenses.
- Having flexible spending rules, cutting discretionary spending in poor market years.
- Keeping part of your investments in low-volatility assets for stability.

Managing Risks in Retirement

Key takeaway

Managing risks in retirement is not about avoiding all uncertainty, it's about building a flexible plan that can adapt to changes in your health, markets, legislation, and personal circumstances. The earlier you identify and plan for these risks, the more resilient your retirement will be.

Tax-Efficient Retirement Income

The FCA's Thematic Review of retirement income focuses on ensuring clients receive the best possible outcomes in later life. While tax can't be avoided entirely, smart planning can help reduce it, allowing you to keep more of your money working for you.

Tax efficiency isn't about complex schemes or loopholes; it's about making use of the allowances and reliefs that are already available, structuring withdrawals wisely, and regularly reviewing your plan to adapt to changes in legislation.

Here are some key strategies:

Using Your Allowances

Even though many allowances have been frozen or reduced in recent years, they still exist and should be maximised wherever possible. These include:

- Personal Allowance – The amount of income you can receive tax-free each year.
- Dividend Allowance – Allowing a certain amount of dividend income to be received tax-free (currently £500 in 2024/25).
- Capital Gains Tax (CGT) Allowance – Enables you to realise gains up to a set amount without incurring CGT (currently £3,000 in 2024/25).

Example: By structuring withdrawals across pensions, ISAs, and general investment accounts, a retiree can receive income from multiple sources while staying within their allowances, minimising their overall tax liability.

Tax-Efficient Retirement Income

Pension Withdrawals

You can typically take up to 25% of your pension fund as a tax-free lump sum (subject to the current maximum cap of £268,275). If the cash isn't needed immediately, it can be used to generate tax-free income, by moving it into ISAs, for example, or investing in assets that produce tax-free returns.

Example: Taking the tax-free lump sum gradually, rather than all at once, can help manage your income tax position and reduce the risk of moving into a higher tax band in a given year.

ISA Withdrawals

ISAs remain one of the most tax-efficient vehicles for retirement income. All withdrawals are free from income tax and capital gains tax, making them an ideal complement to pension income.

Example: A retiree could take their full personal allowance from their pension and then top up the rest of their income needs from an ISA, avoiding higher-rate tax altogether.

Gifting Strategies

If your retirement income comfortably meets your needs, you might consider passing on some of your wealth during your lifetime.

- Annual Exemption – You can give away up to £3,000 each tax year free from Inheritance Tax (IHT).
- Small Gifts Exemption – Allows smaller gifts of up to £250 to different individuals.
- Gifts from Surplus Income – If you have surplus income and can demonstrate it doesn't affect your standard of living, you can make regular gifts exempt from IHT.

Example: Grandparents funding grandchildren's Junior ISAs each year, reducing their taxable estate over time.

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Tax-Efficient Retirement Income

Order of Withdrawals

The order in which you draw income can have a major impact on both tax efficiency and portfolio longevity.

- Early Years: May involve drawing more from taxable accounts first, leaving pensions invested for longer to benefit from tax relief and growth.
- Later Years: Could involve switching to tax-free ISA withdrawals or pension drawdown depending on allowances, market conditions, and IHT planning.

Example: By combining taxable, tax-deferred, and tax-free withdrawals in the right order, retirees can reduce the total lifetime tax paid and extend the life of their portfolio.

Key Takeaway:

Tax efficiency in retirement isn't a one-off task—it's an ongoing process that needs to adapt to changes in your income, allowances, markets, and legislation. Regular reviews with a financial planner can ensure your retirement income remains sustainable, flexible, and as tax-efficient as possible.

The Role of Financial Advice

Financial advice is often painted as expensive, and many believe they can "do it themselves." If the decision is based purely on cost, professional advice can appear costly, just as hiring an accountant, solicitor, electrician, plumber, or mechanic might. The question is one of value and expertise.

The choice is simple: if you have the knowledge, time, and confidence to manage your financial planning, and you're willing to take full responsibility for the outcomes, then doing it yourself can make sense. However, there is substantial evidence that the DIY route can lead to worse outcomes over the long term.

Research from the International Longevity Centre UK (ILC) found that people who took professional financial advice were, on average, £47,000 better off over a 10-year period compared with those who did not. The FCA's Financial Lives Survey also highlights that advised clients tend to have more diversified portfolios, higher savings rates, and greater resilience to market downturns.

A good analogy is DIY plumbing, sometimes it works fine, but if you make a mistake, fixing it later can cost far more than hiring a professional in the first place. Financial planning is no different.

When it comes to retirement planning, there are several key areas where professional advice adds value:

- Tailored Planning – Your retirement plan should be unique to your circumstances, values, and goals. A good financial planner will spend time understanding what matters most to you before building a bespoke strategy.
- Ongoing Review – Annual reviews are about far more than ticking boxes. They're opportunities to update your plan in response to changes in your circumstances, market conditions, or legislation. Crucially, life doesn't happen on a set schedule—having someone available when unexpected events occur is an underappreciated benefit.
- Avoiding Emotional Decision-Making – In periods of market volatility, even the most rational investors can be tempted to make poor decisions. A trusted adviser acts as a steady hand, helping you avoid panic selling or chasing risky trends.
- Expertise & Collaboration – Complex retirement planning often requires input from other professionals. Financial planners work closely with accountants, solicitors, and investment specialists to ensure every part of your financial life is aligned and tax-efficient.

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Manning Gee Investments' Retirement Planning Approach

At Manning Gee Investments, we believe retirement planning should be personal, transparent, and centred on your values.

- Our Philosophy – Client-first, transparent, and ethical. We are committed to clear communication, fair fees, and advice that puts your needs first.
- Our Process – From the first conversation to a long-term partnership, we focus on building trust, clarity, and adaptability into every plan.
- Who We Work With – Families, individuals, and business owners who value a collaborative approach to managing and protecting their wealth.
- Minimum Investable Assets – We start working with clients from £100,000 in investable assets, ensuring access to professional advice is not limited to those with £300,000+.

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Conclusion

A successful retirement doesn't happen by accident. It's the product of:

- A clear vision of the life you want to lead.
- A structured plan that integrates all your resources.
- Active risk management to protect your income and assets.
- Tax efficiency to make the most of what you've earned.
- Expert guidance to navigate markets, legislation, and life changes.

At Manning Gee Investments, we combine these elements with a client-first philosophy to help you build, protect, and enjoy the retirement you deserve.

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Next Steps: Let's Talk

If you'd like to explore how we can help you shape your retirement, speak to a member of the Manning Gee Investments team. Whether it's building a personalised plan, reviewing your goals, or simply starting the conversation, we're here to help.

Begin your journey:

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