

WHAT IS IT?

Investing during retirement is all about finding ways to make your money work for you. Pension freedoms now mean there are more options than ever when thinking about how to use the money in your pension pot.

Investment isn't the only option available to you, but some people decide it's a viable alternative to more traditional things like buying an annuity. There are many types of investments that could create an income for you. The key is to balance your portfolio to avoid too much risk. As with any big money decisions, the best course of action is to make sure you're informed on all the choices out there.

INVESTMENT: THINGS TO THINK ABOUT



DECIDING YOUR COMFORT ZONE

One of the first things to consider when thinking about investments is the amount you will be comfortable with. This is different for everyone as people's situations, pot size and expectations are unique. It's important to have a plan and be realistic about the amount you feel comfortable investing.

BUSINESS AGE

Startups can offer an exciting opportunity for those looking for high returns, but it can be difficult to choose the right start up with so many new businesses available. While more established businesses will perhaps offer lower returns, they are generally seen as a safer option but there are never any guarantees.

PAST PERFORMANCE INDICATION

If you're considering investment options then it's worth looking at how bonds and shares have performed in the past. You can see if their value has risen or fallen and if there are any patterns. It's important to remember that while historical information can be useful, it is never a guarantee of what will happen in the future.

MANAGEMENT OPTIONS AND COSTS

The type of investment you choose will come with different levels of costs and management options. You might choose a managed investment where you pay a fee to have the investment managed for you. Alternatively you may decide you want to manage your own investments so the associated costs might not apply.

ETHICAL INVESTING

It is becoming more popular to look for investment opportunities that consider people's values as well as potential for returns. Ethical is an umbrella term that covers many different topics such as sustainability and environmental. There is lots of information available online about the pros and cons of ethical investing.

THE TYPES OF FEES

Generally speaking, investments come with two types of fees – up front or ongoing costs. As the names imply, with the first you will incur a cost at the start and with the second option you will have regular, small costs to pay for your investment.

TIME FRAMES

Choosing to invest a portion of your money is often seen as a long-term plan rather than a quick win. With most investments you can withdraw your money at any time, but it's generally considered that three years is a minimum amount of time it will take to see any benefits.

WHAT ARE SOME INVESTMENT OPTIONS?



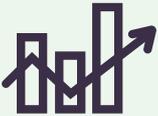
BONDS

With an investment bond, you invest a lump sum of money into funds. Some run for a fixed term while others run on. The amount you get when you cash your bonds in depends on how well the investment has done. With bonds, there is usually a minimum amount (£5,000 to £10,000), and set up fees and surrender fees can apply in the early years. Bonds typically offer more security and are low yield.



FUNDS

Funds are another way to buy shares. A specialist manager takes your money and pools it with others to buy shares in the stock market. Funds have lots of themes, like size of business, types of industry and geographical locations which means you can choose funds that interest you or you think will be a good investment. Choosing funds means you benefit from the fund manager's experience.



STOCKS AND SHARES

If you like the idea of investing, you could choose to invest in stocks and shares without a fund manager. Traditionally, stocks and shares have performed better over long term (10 years plus) than bonds, but as with any investment, past performance isn't a reliable indicator. Generally, stocks and shares offer a higher potential for growth and are higher risk.

WEIGHING UP THE PROS AND CONS



PROS

- If you have the time, managing your own investments during retirement can be motivating and engaging.
- Making the right investments could provide an income to live on during retirement.
- Investment isn't all or nothing – you could choose to invest a portion of your pension pot and do something different with the rest.
- You can withdraw your money at any time, although you might not see the benefit if the investment period is short.



CONS

- There is no guarantee with investments, and you could lose money.
- Managing your own money could feel daunting and overwhelming.
- You need to conduct background checks to find the right investments.
- Low risk investments typically don't offer high returns.

WHAT ARE THE ALTERNATIVES?



BUYING AN ANNUITY

An annuity essentially gives you a guaranteed income for the rest of your life. This was the standard option before Pension Freedom was introduced in 2015. An annuity doesn't allow your pot to grow and is irreversible.



LIFETIME ISA

You can only open a Lifetime ISA before you turn 40. The idea is that you pay a maximum of £4,000 a year into it and the government will add a 25% bonus each year. When you turn 50, you can no longer pay into it, but the account still earns interest or investment returns. You can withdraw the money when you turn 60.



TALKING TO AN INDEPENDENT FINANCIAL ADVISER

Whether you are thinking about investment, annuities, Lifetime ISAs or something else entirely, speaking to an independent financial adviser will help you build a much better picture of your current finances, your plans and your expectations. An expert can help you plan and maybe even avoid costly mistakes.

WHERE TO LEARN MORE: [YBS.CO.UK/MONEYMOVEMENT](https://ybs.co.uk/moneymovement)



HOW CAN I BOOST MY PENSION INCOME?



WAYS TO USE A PENSION POT



PLANNING MY RETIREMENT INCOME AND EXPENSES



HOW DOES A SELF INVESTED PERSONAL PENSION (SIPP) WORK?



The industry body [Fca.org.uk](https://fca.org.uk)

An impartial service [Moneyadvice.service.org.uk](https://moneyadvice.service.org.uk)