

## **The difference in two years: the impact of minimum pension age increasing from 55 to 57**

As an estimated 500,000 are due to reach retirement age in 2020\*, the Government has now confirmed it will increase the age at which people can access their pensions from 55 to 57 in 2028. This reflects the ongoing trends in longevity and encourages individuals to remain in work, while also helping to ensure pensions savings provide for later life.

This change is in line with the state pensions age which is scheduled to rise to age 67 in 2028.

### **What does this mean?**

Those aged 47 and under will not be able to access any of the money that they have saved into pensions for an extra two years.

Although retiring at 55 is obviously an attractive prospect, it must be remembered that few people can afford to do so, with many choosing instead to continue to work beyond age 55 or to phase their retirement. Retirement is no longer linear. Some people may want to continue to work into their 70s, while others jump at the chance to slow down. For some it's unpredictable and overwhelming, for others it's a positive experience, with many new opportunities. Nevertheless, mapping out a plan is vitally important.

### **Why is it happening?**

The cost of retirement at age 55 is higher than ever, as any pension pot built during a person's working life may need to provide income lasting several decades. Current figures suggest that a 55 year old woman will, on average, live to age 87 but has a 1 in four chance of living to age 94. This means that pension pots may need to last at least three decades or more in retirement.

The reality is that changing the minimum age to 57 is unlikely to impact most of us, however, just because you can access the money in your mid 50's doesn't mean it's right for you.

### **Further information**

Planning for retirement can be complicated, with there being many options, with thousands of people accessing their pensions without planning. The result of not considering the future can either leave you short of funds in later life, or even see you become overly modest with the amount you access. Either way, the need for advice is as important as ever.

\*based on ONS Mid Year Estimates for 2018

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