

**LG\_2**

**Retirement planning made easy**

**About this free course**

This version of the content may include video, images and interactive content that may not be optimised for your device.

You can experience this free course as it was originally designed on OpenLearn, the home of free learning from The Open University –

[www.open.edu/openlearn/money-business/retirement-planning-made-easy/content-section-0](https://www.open.edu/openlearn/money-business/retirement-planning-made-easy/content-section-0?utm_source=openlearn&utm_campaign=ol&utm_medium=ebook)

There you’ll also be able to track your progress via your activity record, which you can use to demonstrate your learning.

Copyright © 2021 The Open University

**Intellectual property**

Unless otherwise stated, this resource is released under the terms of the Creative Commons Licence v4.0 <http://creativecommons.org/licenses/by-nc-sa/4.0/deed.en_GB>. Within that The Open University interprets this licence in the following way: [www.open.edu/openlearn/about-openlearn/frequently-asked-questions-on-openlearn](http://www.open.edu/openlearn/about-openlearn/frequently-asked-questions-on-openlearn). Copyright and rights falling outside the terms of the Creative Commons Licence are retained or controlled by The Open University. Please read the full text before using any of the content.

We believe the primary barrier to accessing high-quality educational experiences is cost, which is why we aim to publish as much free content as possible under an open licence. If it proves difficult to release content under our preferred Creative Commons licence (e.g. because we can’t afford or gain the clearances or find suitable alternatives), we will still release the materials for free under a personal end-user licence.

This is because the learning experience will always be the same high-quality offering and that should always be seen as positive – even if at times the licensing is different to Creative Commons.

When using the content you must attribute us (The Open University) (the OU) and any identified author in accordance with the terms of the Creative Commons Licence.

The Acknowledgements section is used to list, amongst other things, third party (Proprietary), licensed content which is not subject to Creative Commons licensing. Proprietary content must be used (retained) intact and in context to the content at all times.

The Acknowledgements section is also used to bring to your attention any other Special Restrictions which may apply to the content. For example there may be times when the Creative Commons Non-Commercial Sharealike licence does not apply to any of the content even if owned by us (The Open University). In these instances, unless stated otherwise, the content may be used for personal and non-commercial use.

We have also identified as Proprietary other material included in the content which is not subject to Creative Commons Licence. These are OU logos, trading names and may extend to certain photographic and video images and sound recordings and any other material as may be brought to your attention.

Unauthorised use of any of the content may constitute a breach of the terms and conditions and/or intellectual property laws.

We reserve the right to alter, amend or bring to an end any terms and conditions provided here without notice.

All rights falling outside the terms of the Creative Commons licence are retained or controlled by The Open University.

Head of Intellectual Property, The Open University

# Contents

* [Introduction](#Introduction1)
* [Learning outcomes](#LearningOutcomes1)
* [1 Taking stock of your retirement plans](#Session1)
* [2 How much money will you need in retirement?](#Session2)
  + [2.1 Your budget](#Session2_Section1)
* [3 Your state pension](#Session3)
* [4 Taking stock of your pension plans](#Session4)
* [5 Your pension options](#Session5)
  + [5.1 Defined benefit pension](#Session5_Section1)
  + [5.2 Defined contribution pension](#Session5_Section2)
  + [5.3 Taking financial advice](#Session5_Section3)
  + [5.4 Understanding your pension options](#Session5_Section4)
* [6 Your pension income: before and after tax](#Session6)
* [7 Dealing with a shortfall](#Session7)
* [8 Divorce and separation: The impact on pensions](#Session8)
* [9 Bereavement and pensions](#Session9)
* [10 Preparing for a long retirement](#Session10)
* [11 End-of-course quiz](#Session11)
* [12 Course round-up](#Session12)
* [Further guidance and helpful links](#Session13)
* [Glossary](#Glossary1)
* [References](#References1)
* [Acknowledgements](#Acknowledgements1)
* [Solutions](#Solutions1)

## Introduction

Welcome to this course on retirement planning produced by The Open University in collaboration with **Legal & General**.

Retirement itself, plus deciding which option to choose when taking your pension mean there is a lot to consider. The choices you make about how to ensure your money lasts in retirement are important. Spending a bit of time now will help put you on the right track.

Some of the things to think about are:

* What kind of lifestyle would you like to live?
* How much will you have saved by the time you reach retirement?
* Would you like to carry on working part-time or would you prefer more leisure time and freedom?
* Do you need to think about later life costs or looking after other people?

Being well informed and taking control of your retirement finances – rather than putting off decisions – will help you achieve your retirement dreams.

This course sets out the stepping-stones to getting there. It covers the key decisions you need to make – and where to get the information to make them effectively.

Most people approaching retirement can expect a state pension and maybe pensions from work. You may also have built up pension savings or other savings such as **ISAs** which you can choose to use in retirement. This course will cover the options and help you decide with confidence which are right for you.

You will learn through a mixture of reading, activities and short videos, and there’s a quiz at the end for you to check what you have learned.

Start of Study Note

The course also provides links to a number of websites to provide further information to help your studies. Make sure you open any links in a new tab or window so that you can easily return to the course.

To do this, you can right-click the link (on your mouse) and click on the option ‘open link in new tab’ or ‘open link in new window’. Alternatively, you can hold down the ‘ctrl’ button on your keyboard, while clicking on the link with your mouse and this will open in a new tab.

End of Study Note

## Learning outcomes

After studying this course, you should be able to:

* estimate how much money you’ll need in retirement
* understand how pensions – including the state pension – work and how much income they will offer in retirement
* understand the different options for taking money from pension pots and the pros and cons of each choice
* understand the options available should your pension income not be enough to match your plans and lifestyle in retirement
* understand how events such as divorce and bereavement can impact your retirement finances and learn how to deal with them.

## 1 Taking stock of your retirement plans

The first step in retirement planning is to work out how much money you will need to cover what you expect to be spending: creating a budget.

So, as Emma Byron of Legal & General explains, you need to have a close look at your household finances and be realistic about your spending.

Start of Media Content

Video content is not available in this format.

Video 1

[View transcript - Video 1](" \l "Session1_Transcript1)

Start of Figure



End of Figure

End of Media Content

You’ll start by looking at how your household spending is expected to change when you retire. Are you planning to move to a smaller house or a cheaper area? Maybe your mortgage will be paid off? Or you won’t need two cars, or to pay for travel to work? Maybe you won’t need a car at all, and you will get free or cheaper travel due to your age? Will you be spending more on leisure such as hobbies and holidays? Maybe you have work expenditure such as travel, lunches, clothes or equipment, that you’ll no longer need?

Using your bank statements and looking in detail at what you spend now, plus thinking about what you will be doing when you retire is a good starting point. The next part of the course will help you do this.

## 2 How much money will you need in retirement?

Your spending will change when you retire. If you have been working outside of the home some costs might go up, such as your utility bills, but others may go down with a change in lifestyle.

Start of Figure



**Figure 1** Time to be realistic about your spending plans.

[View description - Figure 1 Time to be realistic about your spending plans.](" \l "Session2_Description1)

[View alternative description - Figure 1 Time to be realistic about your spending plans.](" \l "Session2_Alternative1)

End of Figure

It is estimated that a couple would need to be able to spend £34,000 a year for a ‘moderate’ lifestyle in retirement, while a single person requires £23,300. By contrast, couples require £19,900 and a single person £12,800 for a ‘minimum’ standard of living (RetirementLivingStandards.org, 2023). But it is important to remember that these figures do not include housing costs – so if you are in rented accommodation or have a mortgage you will need to factor this in. Follow the link to this research provided in the ‘References’ section at the end of the course to learn more about what spending is included in the definition of ‘moderate’ and ‘minimum’ retirement lifestyles.

Looking at how much you need to spend in retirement can be done by listing everything you currently spend: using your receipts and bank statements will help. Then look at the things on your list that are related to your current lifestyle or work. Think about how your spending will change in retirement. Don’t look at just the costs that will go down. Remember some things might go up. For example, you are likely to spend more time at home so your utility bills are likely to go up – and maybe you want to travel or eat out more?

So now it’s time for you to assess how much you need to spend to have the lifestyle in retirement you want.

Some key points:

* Work out your spending on an annual basis. Doing this means you capture items of spending which happen less often, like annual subscriptions, holidays, vehicle checks or insurance premiums. For other items look at your monthly – or perhaps weekly – spending, and then scale this up to an annual amount (for example by multiplying the monthly amount by 12).
* Bearing in mind recent price rises make sure you allow a buffer for inflation in your expenditure and possible larger price increases for items such as energy bills.
* Do you just look at your spending or do you need to include someone else’s, for example your partner’s, spending too? In most cases doing a budget for the entire household makes sense.
* Focus on how much you expect to be spending in the early years of retirement while recognising that this is likely to change later in your retirement, as your spending needs change. For example, in early retirement you may spend more on travel and leisure activities as you enjoy your increased free time. Later you may spend less time travelling while needing to spend more on care needs.
* Even if your planned retirement date is several years away, for now estimate your spending based on current prices. State pensions are increased each year to allow for inflation and other pensions are also, usually at least partially, ‘inflation-proofed’ by annual increases.
* When you have assessed your spending, add on 5 per cent to the total. At all stages of life there is a tendency to underestimate how much we spend.
* And given the recent rapid increase in inflation it is advisable to review your budget regularly – at least every six-months – to make sure it still accurately reflects your spending.

In the next section, following the guidance above, you can work out how much you expect to be spending in retirement.

## 2.1 Your budget

Following the guidance provided in the previous section you can now start to forecast your spending in retirement.

Start of Figure



**Figure 2** Drilling down into those financial details.

[View description - Figure 2 Drilling down into those financial details.](" \l "Session2_Description2)

[View alternative description - Figure 2 Drilling down into those financial details.](" \l "Session2_Alternative2)

End of Figure

To help you estimate your spending, there’s a detailed budget grid below that you can complete either online or by downloading and saving. This has a column for your current annual spending and one for your forecasted spending in retirement. There’s an extra column for your monthly and weekly spending if you’re using this method to scale up to your current annual spending.

The budget grid separates spending that is ‘essential’ (e.g. food) and that which is ‘non-essential’ (e.g. leisure activities). This distinction can sometimes be difficult to make – for example, for many people gym membership is essential to help maintain good physical and mental health in later life. Making the distinction can help if you need to make savings as you usually have more options to cut costs on non-essential spending.

**Your spending pattern will change in retirement**

Some spending items are likely to change in retirement – perhaps your mortgage will be paid off by the time you retire? Some travel costs may go down if you have an expensive commute. If in doubt, overestimate your spending needs – it’s always better to find you are spending less than expected rather than more.

Don’t forget to include the cost of repaying any debts – for example your mortgage, car finance agreements and bank loans. Many people use the tax-free lump sum from their pension pot to clear these debts as they go into retirement.

As you complete the grid you might want to use the exercise to see if you can reduce some of your spending costs – for example by switching utility suppliers or cancelling subscriptions that you don’t really use. Regularly reviewing spending is a good habit to get in to.

Make a start now and then you can return to your budget later to refine and finalise it. Once completed, you’ll have the target level for the disposable (after-tax) retirement income you’ll need.

Start of Activity

**Activity 1 Your retirement spending forecast**

Allow around 30 minutes to make a start on this activity

Start of Question

Complete the table below.

Select the link below to view the interactive table. Open it in a new tab or window so you can easily find your way back to the course.

Start of Media Content

Interactive content is not available in this format.

End of Media Content

Alternatively, use this Word version of the table: [Budget grid](http://www.open.edu/openlearn/ocw/mod/oucontent/olinkremote.php?website=LG_2&targetdoc=Budget%20grid)

The more aware you are of your spending, the more accurate you will be in judging the money you will need in retirement.

End of Question

End of Activity

Next, you look at what income you can expect in retirement. You start by looking at how much state pension you can expect to receive.

## 3 Your state pension

The role of the state pension is to provide a basic level of income. Recently the age you can start to receive it has risen, as people’s life expectancy has been rising.

Start of Figure



**Figure 3** With retirement comes more time to pursue your hobbies.

[View description - Figure 3 With retirement comes more time to pursue your hobbies.](" \l "Session3_Description1)

[View alternative description - Figure 3 With retirement comes more time to pursue your hobbies.](" \l "Session3_Alternative1)

End of Figure

Since April 2016 those reaching state pension age receive the ‘new’ state pension, also known as the ‘flat-rate’ state pension – this is different to the ‘old’ basic state pension paid to people retiring before 6 April 2016. The term ‘flat-rate’ is a bit misleading as the amount of pension you get depends on your lifetime record of **National Insurance Contributions (NICs)**. Those with at least 35 years of contributions get the full amount of £203.85 per week in 2023/24 (£10,600.20 for the year).

Those with fewer than 35 years of contributions get a reduced amount of state pension and those with fewer than 10 years of contributions won’t qualify.

On the other hand, many people will get more than just the flat-rate because of transitional rules which mean that any state pension in excess of the flat-rate built up under the ‘old’ state pension scheme (before 6 April 2016) is preserved as a ‘protected payment’.

In the next activity, you can find out how much state pension you are on track to receive and the age you can get it.

Start of Activity

**Activity 2 Your state pension**

Allow approximately 10 minutes for this activity

Start of Question

Use this link to access you state pension age and your state pension forecast. Remember to open the link in a new tab or window so that you can easily return to the course.

[Check your state pension](https://www.gov.uk/check-state-pension)

Note down the details.

Is your forecast state pension more or less than you expected?

End of Question

*Provide your answer...*

[View discussion - Activity 2 Your state pension](" \l "Session3_Discussion1)

End of Activity

Some important points to remember:

* State pensions are currently increased every year in April. The increase in recent years has been based on the highest of three measures: the rate of inflation, the rate of average earnings growth, or a 2.5% increase. This way of setting the annual increase is known as the ‘triple lock’. This arrangement may change in the future as it has been criticised for being too expensive for the government, particularly at times of high price or earnings inflation. Indeed, for 2023/24 the application of the triple lock combined with the sharp increase in the rate of inflation in the UK resulted in a 10.1% increase in state pensions.
* You don’t have to take your state pension from the point that you qualify – you can delay this. You’ll receive an extra 1% on your pension payment for each 9 weeks of deferral. So, not taking your state pension for a year will add 5.8% to what you receive – £11.82 a week currently for those on the full new state pension. If you are not planning to retire fully until later, it may make sense to delay taking your state pension. A link to finding more about this is provided at the end of the course.
* The government provides a safety net for those who don’t have enough income in retirement. This is called **Pension Credit**, and entitlement to it also enables you to obtain other state benefits. If you are retired and your total income is low, you should find out more about pension credit via the link provided at the end of the course. Don’t miss out – there’s an estimated 1 million households in the UK who are entitled to pension credit but don’t claim it (DWP, 2020).
* Your state pension is taxable and will be included in HMRC’s calculation of the **income tax** you need to pay in the tax year. However, you stop paying National Insurance when you reach state pension age.
* People receiving the state pensions also get an annual winter fuel payment – currently £200, or £300 for those aged 80 years or over. These amounts are lower if other members of the household are eligible for the payment (or if the recipient is living in a care home). For 2022/23 this fuel allowance was boosted by £300 as a result of the sharp increase in energy prices seen since 2021. The same £300 boost is planned for 2023/24. There’s also a Christmas bonus (currently £10). These allowances are tax-free.

While the state pension may be a large part of the income you require in retirement, it is unlikely to give you enough to cover much more than the basic minimum living costs. The state pension for two people currently amounts to £21,200.40 for 2023/24. This is much lower than the estimated minimum a couple needs to spend for a moderate lifestyle in retirement (£34,000) mentioned in the previous section.

So now it’s time for you to look at what additional pension income you can expect from your own ‘private’ pension savings, whether they are personal or occupational pensions, provided through your workplace or arranged by yourself.

## 4 Taking stock of your pension plans

Now it’s time to see what you’ll get from your own pension pots.

Occupational pensions, **workplace pensions** or personal pensions are collectively known as ‘private pensions’ to distinguish them from the state pension.

Over your working years you may have saved into many different pension plans. There are different types of pension products and it’s important to understand what you have, as this will affect how it can be accessed and ensure you don’t lose any valuable benefits. This video explains the different types of pensions.

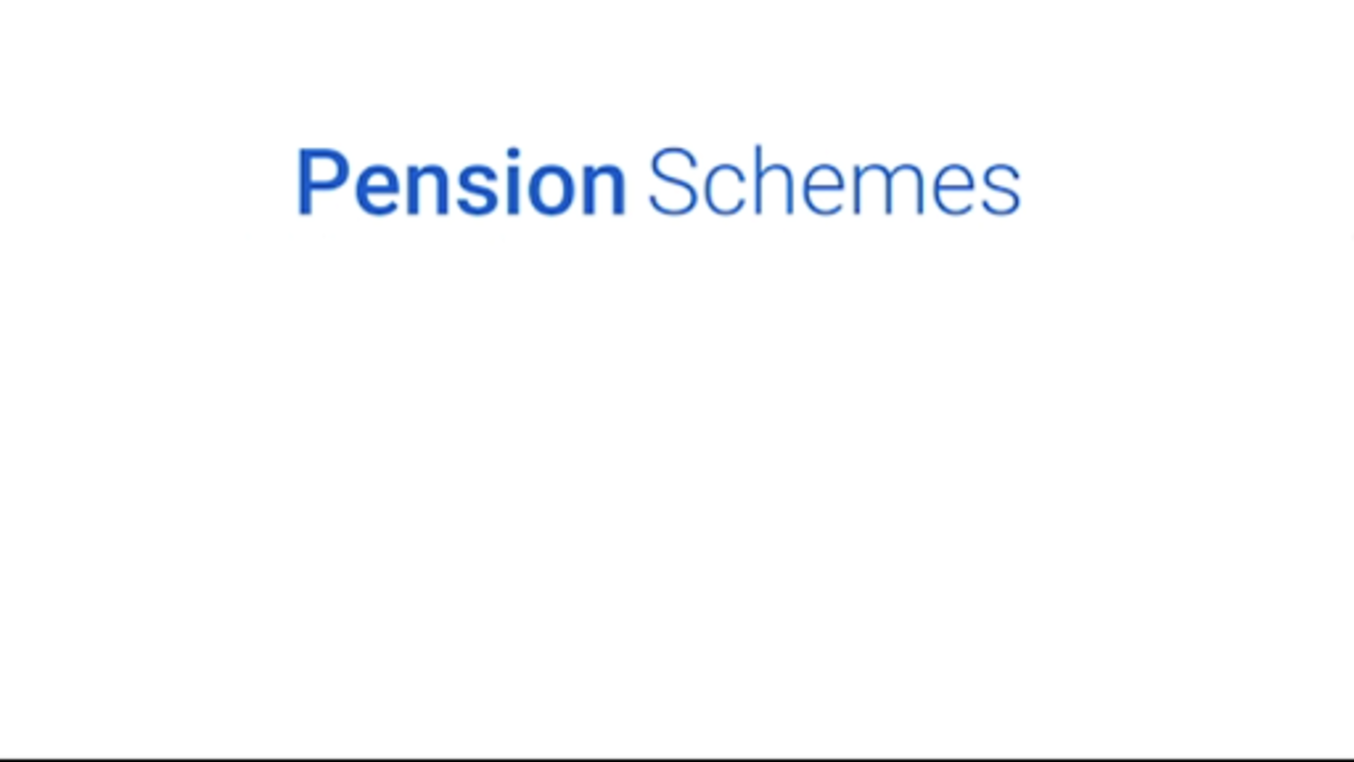
Start of Media Content

Video content is not available in this format.

Video 2

[View transcript - Video 2](" \l "Session4_Transcript1)

Start of Figure



End of Figure

End of Media Content

## Tracking all your pensions

The next step in your retirement planning is to get the details of all the pensions you hold, including those you may have joined earlier in your working life.

Tracking down details of all your pension pots can involve a lot of paperwork but potentially is very worthwhile. It is estimated that close to £20 billion sits in unclaimed pensions in the UK, often purely as a result of the current addresses of scheme members being lost (ABI, 2020). So remember to provide your new address to your pension provider(s) after a home move. Whilst the treatment of unclaimed pensions varies between different providers ultimately unclaimed pension savings could in the future be moved into the government’s ‘dormant assets scheme’ and, if left unclaimed, used to help support good causes. Tracking down your pension savings therefore avoids them being used for someone else’s benefit rather than your own.

You can check if you’re a member of a pension plan even if you don’t have the details, by visiting this site: [Find your pension contact details](https://www.gov.uk/find-pension-contact-details). Open the link in a new tab or window so that you can easily return to the course.

## Working out what your pension plans are worth

Pension providers should give details of the contributions you have made, and projections for the pension income the plans are aiming to provide.

Many pension providers also have websites to enable members to check their pension details and contributions. Find the details of your projected pension income – this is the amount of money the plan is forecast to provide you, based on certain assumptions.

Defined benefit or ‘final salary’ pensions can give you a more definite projected income, but defined contribution/money purchase pensions will give an estimate. Watch the video again if you need a reminder on this. If you have defined contribution pensions you can estimate the pension income you could get using this calculator: [My pension income](https://www.moneyadviceservice.org.uk/en/tools/pension-calculator). Open the link in a new tab or window so that you can easily return to the course.

Also, it’s a good idea to check the age the plan has as your retirement date. You may have provided this age when you started saving, but you might have changed your plans since. This is important as pension providers can change the composition of your pension savings the closer you get to retirement. Usually it makes sense to move the savings into low- risk investments so that there is greater certainty about the value of your pension pot and less risk that the pot falls in value just prior to retirement.

Pension savings are a tax efficient way of saving for retirement as you receive tax relief on your pension contributions. However, there is an annual limit on how much you can save each year beyond which you do not get any income tax relief on your contributions. This limit is quite high, so it will not impact most people. Your pension statements should tell you how much of this annual pension savings limit you have used.

There also used to be a tax charge for drawing on pension savings beyond a limit (known as the ‘lifetime allowance’) on the total size of your pension pot. This tax charge was, however, removed from the start of the 2023/24 tax year. From the 2024/25 tax year the lifetime allowance framework will be fully abolished.

So, to recap:

* Get the details on all the pension plans you have put money into over the course of your working life.
* Understand the terms and benefits of your pension plans.
* Check the retirement age on your plans.
* Find out what annual income these savings are forecast to provide (and when).

Adding your pension forecasts to your state pension will enable you to work out whether you’ll have enough income to fund the lifestyle you want in retirement.

Next you will explore the options available for turning your pension savings into an income when you retire.

## 5 Your pension options

To transfer your pension savings into a retirement income you need to understand the options and make the choice that’s right for you.

Start of Figure



**Figure 4** There are now more options for drawing from your pension pot.

[View description - Figure 4 There are now more options for drawing from your pension pot.](" \l "Session5_Description1)

[View alternative description - Figure 4 There are now more options for drawing from your pension pot.](" \l "Session5_Alternative1)

End of Figure

## 5.1 Defined benefit pension

A defined benefit (DB) pension will pay you a regular income for the rest of your life. For defined benefit pensions you can:

* take a tax-free lump sum of up to 25% of the value of your pension benefits
* take a pension income which is based on the number of years you worked for the organisation and your final pay or average pay during your time in their pension scheme.

You can opt to turn your defined benefit pension into a defined contribution pension – but this is very rarely a good choice as you’re unlikely to be able to match the level of annual income offered by the defined benefit pension. If you are considering this, you should talk to a financial adviser. Certainly, you are required to receive advice for defined benefit pensions whose value, if converted into a lump sum, is £30,000 or more. However, even for a smaller sum, you should talk to a financial adviser as you may also lose other benefits by transferring.

## 5.2 Defined contribution pension

For defined contribution pensions, the options for those aged 55 years or more are:

* Take up to 25% of the pension pot tax-free.
* Use the pot to provide a guaranteed income for life through what is known as an ‘**annuity**’.
* Have a guaranteed income which provides an income for a set number of years. Some of these products offer a maturity payment which is agreed at the start and can then be used to purchase another retirement product.
* Leave the non-tax free 75% of your pot invested and then withdraw money as required (known as ‘drawdown’).
* A combination of the above.
* Or you could ‘cash in’ the entire pension pot and take it as one lump sum - although if you do this you need to have a clear plan for how you will provide yourself with an income in retirement. An alternative to this is to cash-in part of the pot leaving the rest invested until needed. For both full and part ‘cash-ins’ a quarter of each sum drawn is tax-free and the rest is taxable.

If you do decide to start taking an income from your pension savings, either through drawdown or an annuity, you are restricted on the amount you can save into your defined contribution pension after this point. The maximum you can save is currently £10,000 a year (2023/24).

Also, don’t forget you could simply leave your pension pot completely untouched and allow it to build up further before you draw on it. Clearly this is only an option if you have other sources of income in the interim – for example by continuing to work or by drawing on any non-pension savings.

If you are using drawdown (or periodic cash-ins of a part of your pension pot) you’ll need to ensure that you have enough money to cover however long you live. Without careful planning you could find that your pension savings run out too early.

You can check the government’s estimates on life expectancy provided by the Office for National Statistics (ONS) by following the link below which you should open in a new tab. Remember with life expectancy you may well live longer than the average. For example, the average life expectancy for a woman aged 65 today is 87 years, but she has a 1 in 4 chance of living to 94, and more than a 1 in 20 chance of celebrating her 100th birthday. So it is best to be cautious and go with the higher ages as you might well live beyond the average. Also it is a good idea to review the life expectancy forecasts every few years to check that you are still on track to make sure your pension savings will cover you for the rest of your life.

[ONS Life Expectancy Calculator](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/articles/lifeexpectancycalculator/2019-06-07)

The issue of not having enough money for retirement has been concerning the regulator, the Financial Conduct Authority (FCA) and pension providers. Often those starting retirement take their 25% tax-free cash and then pay little attention to how the remaining amount is invested and whether it will give them enough money to last for the retirement they want. To address this issue four ‘investment pathways’ are now being used by pension providers to help those approaching retirement to select a plan for their pension savings that matches their needs. These pathways are based on the following goals:

1. You have no plans to touch your pension savings in the next five years
2. You plan to use your pension savings to set up a guaranteed income (an annuity) within the next five years
3. You plan to start drawing on your pension savings for long-term income within the next five years
4. You plan to draw on all your pension savings within the next five years.

## 5.3 Taking financial advice

As these decisions are important and will affect your income in retirement it’s a good idea to talk to an expert, a financial adviser, especially if you have a larger pension pot to invest. They can ensure that you’re aware of all your options, their pros and cons, and, importantly, the tax consequences. They can also advise on whether you should combine a number of small pension pots into one larger pot as this might improve the pension income you receive – for example by getting a better annuity.

Do make sure your adviser is regulated by the FCA – you can use the [MoneyHelperDirectory](https://directory.moneyadviceservice.org.uk/en) to find one. Open the link in a new tab or window so that you can easily return to the course.

At the very least you should book a free appointment with the government’s [MoneyHelper service](https://www.moneyhelper.org.uk/en) who can provide guidance on the options for defined contribution pension pots.

## 5.4 Understanding your pension options

In this section you’ll learn more about the pension options introduced in the previous section.

First, watch this video where Emma Byron of Legal & General introduces these options.

Start of Media Content

Video content is not available in this format.

Video 3

[View transcript - Video 3](" \l "Session5_Transcript1)

Start of Figure



End of Figure

End of Media Content

Now watch these three short videos which explain the options for using a pension pot. Then check your understanding by working through the activity below.

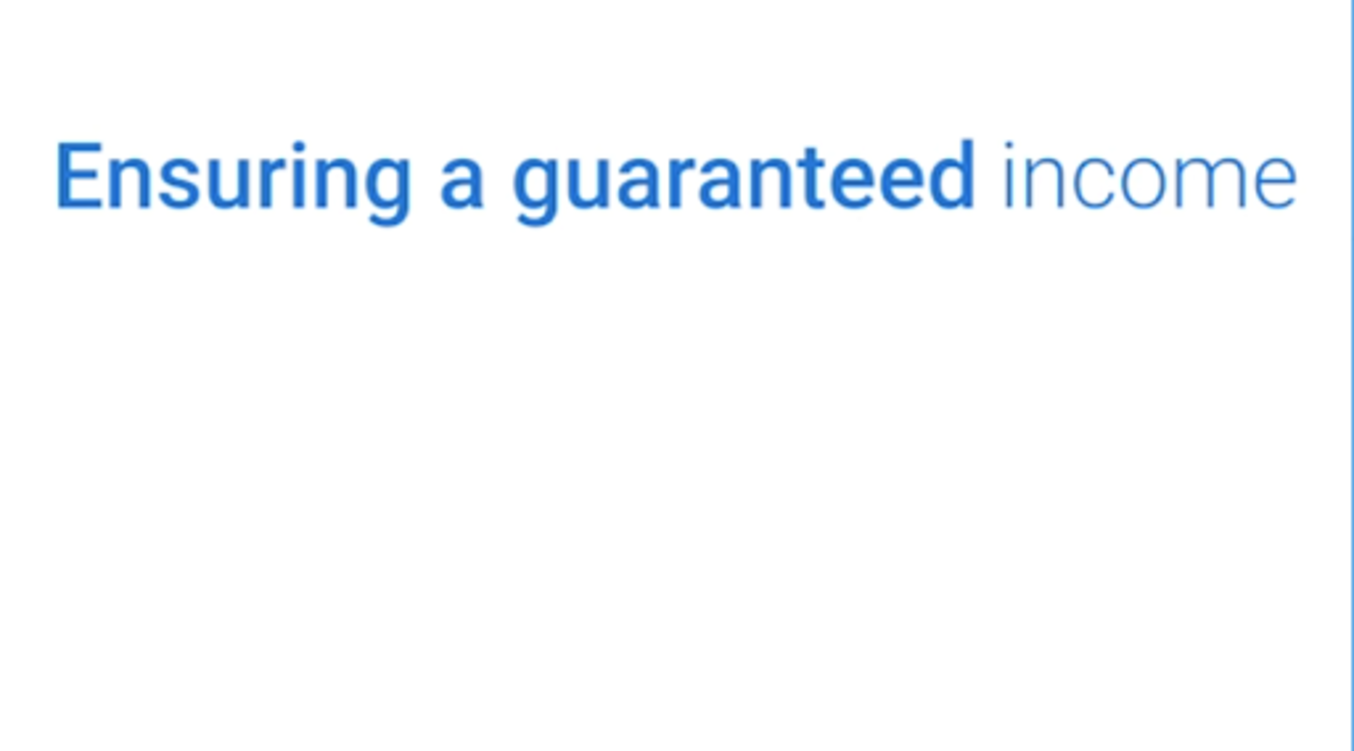
Start of Media Content

Video content is not available in this format.

Video 4

[View transcript - Video 4](" \l "Session5_Transcript2)

Start of Figure



End of Figure

End of Media Content

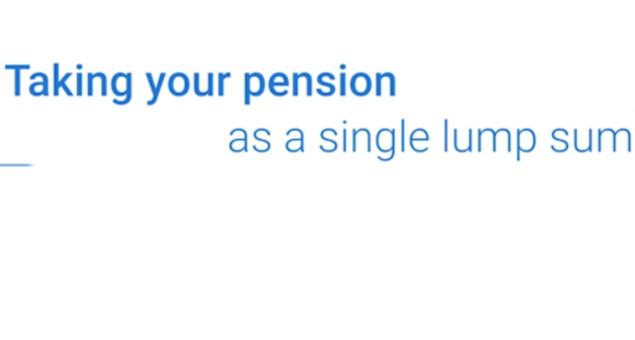
Start of Media Content

Video content is not available in this format.

Video 5

[View transcript - Video 5](" \l "Session5_Transcript3)

Start of Figure



End of Figure

End of Media Content

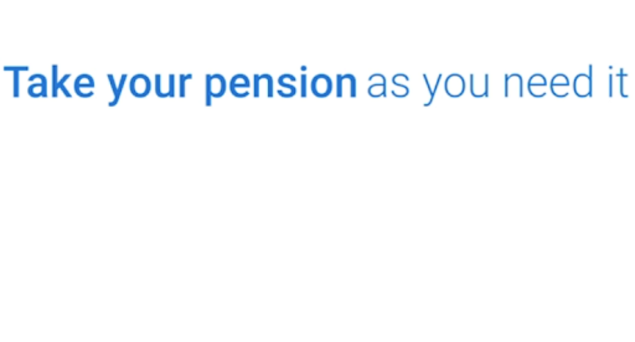
Start of Media Content

Video content is not available in this format.

Video 6

[View transcript - Video 6](" \l "Session5_Transcript4)

Start of Figure



End of Figure

End of Media Content

Start of Activity

**Activity 3 Exploring your pension options**

Allow approximately 10 minutes for this activity

Start of Question

Having looked at the options for using a pension pot, what do you think are the pros and cons of choosing:

* A guaranteed income for life (an ‘annuity’)?
* A guaranteed income for a set period?
* Drawdown?
* A mixture of these options?

End of Question

*Provide your answer...*

[View discussion - Activity 3 Exploring your pension options](" \l "Session5_Discussion1)

End of Activity

## 6 Your pension income: before and after tax

By now you should understand the options you have when it comes to your pension, and what is involved in forecasting the income you will receive. Now you can use this information to get a good estimate of the pension income you will have to meet your spending needs in retirement.

Start of Figure



**Figure 5** Sometimes your tax bill may come in lower than you expected.

[View description - Figure 5 Sometimes your tax bill may come in lower than you expected.](" \l "Session6_Description1)

[View alternative description - Figure 5 Sometimes your tax bill may come in lower than you expected.](" \l "Session6_Alternative1)

End of Figure

Once you have a summary of your pension pots and forecasted income, add this to your state pension income, plus any other regular income you have. This could include state benefits, rental income from properties that you let or earnings from other savings and investments.

As you saw earlier, if you have defined contribution pensions you can estimate the pension income you could get using this calculator: [pension income](https://www.moneyadviceservice.org.uk/en/tools/pension-calculator). Open the link in a new tab or window so that you can easily return to the course.

You should now have your estimated gross income in retirement. You now need to take into account how much tax will be deducted from your gross income.

## What about tax?

While up to 25% of your pension pot can be taken tax-free, the other 75% counts as taxable income if it is taken as a lump sum payment. Any annual income you take – for example from an annuity you buy with your pension pot – will also count as taxable income.

Income tax will apply when your total income, including any taxable lump sums, state pension and other taxable non-pension income, exceeds the annual personal allowance (£12,570 in 2023/24). Make sure you are aware of the tax implications of any withdrawals from your pension savings in advance so you don’t end up with an unexpected additional bill.

Find out how much income tax you’d currently pay on your retirement income. The following sources can be used to calculate this (if you use any of the online calculators open them in a new tab or window so that you can easily return to the course):

* The [gov.uk calculator](https://www.gov.uk/estimate-income-tax)
* The calculator provided by the consumer magazine [Which?](https://www.which.co.uk/money/tax/tax-calculators/income-tax-calculator-ad9xh2l9wxxr)
* The tax calculation guidance provided in the following document: [Income Tax 2023/24](http://www.open.edu/openlearn/ocw/mod/oucontent/olinkremote.php?website=LG_2&targetdoc=Income%20tax%2023-24)

Before you start, make sure you have your gross income details ready, as well as your current income tax code (e.g. 1257L if you live in England or Northern Ireland, C1257L if you live in Wales or S1257L if you live in Scotland). You’ll find your current code on your payslip.

Do not include any tax-free lump sums or other tax-free income in your calculations.

Ignore any National Insurance Contributions (NICs) shown in the calculators since you don’t pay these on pensions or if you are older than state pension age (SPA). One way to ensure these are not calculated is to say you are over state pension age even if you are not.

You may note some very small differences in the answers provided caused, for example, by the rounding of numbers in the calculation process.

## Is my post-tax pension income enough for me?

Having done your calculations, you can deduct the income tax you will pay from your gross income, and then you will know your disposable (or ‘net’) pension income. Remember, though, that you’ll need to revise these tax calculations each year that income tax thresholds and rates get changed.

Now compare this disposable income with your forecast of spending (you completed this earlier in the course) and you can see whether you have enough to get you the type of retirement you want.

If you’re fortunate to generate enough income to cover your spending in retirement, then you’re on track. If there’s a shortfall, there are ways you can address this.

You’ll explore these options next.

## 7 Dealing with a shortfall

You should now have a much better picture of what your income will look like when you retire. Of course, these projections of your income and spending are not certain as the cost of living, your personal circumstances and your income can change. But if you’ve followed the previous steps, you should have a good idea if your pension income will be enough to fund the retirement lifestyle you want.

Start of Figure



**Figure 6** Time to sort out your options for boosting your retirement income.

[View description - Figure 6 Time to sort out your options for boosting your retirement income.](" \l "Session7_Description1)

[View alternative description - Figure 6 Time to sort out your options for boosting your retirement income.](" \l "Session7_Alternative1)

End of Figure

If you think you might have a shortfall, you’ll need an action plan. In the next video, Emma Byron from Legal & General reviews the options that may be available.

Start of Media Content

Video content is not available in this format.

Video 7

[View transcript - Video 7](" \l "Session7_Transcript1)

Start of Figure



End of Figure

End of Media Content

As Emma indicates, you may have several options to ‘balance your books’.

* First, look again at your planned spending. Is there non-essential expenditure that you can cut back on when you retire? This may be all you need to do to cover a modest shortfall.
* Given the sharp increase in the cost of living recently you may need to take difficult decisions to balance your budget. So when looking at your non-essential spending do assess which of these items you could, albeit reluctantly, cut back on – or even cut out entirely - with the least impact on your quality of life.
* You should see if you can clear any outstanding debts – perhaps using the tax-free lump sum(s) from your pension(s). This will not only reduce your future monthly outgoings, but also give you peace of mind that you don’t owe anything.
* You could continue to work past retirement age, perhaps part-time or in a temporary role. This could help ease the move from full-time employment to retirement and soften the impact that comes from no longer being part of a working team. Remember that your earnings will be taxable.
* Retiring later means you can usually get a higher pension income when you do retire, especially if you keep up your pension contributions and any savings built up will have a shorter time to last.
* Perhaps you have other savings that you could use? Drawing a pension lump sum or cashing in other investments when you retire can provide you with extra money to subsidise your retirement income. Keep back a ‘rainy day’ fund to cover for unplanned expenses – like repairs to your home. Ideally this fund should amount to at least two years of household expenditure and would provide cover not only for unexpected bills but also for a fall in value of the investments in your undrawn pension pot.
* You might be expecting to receive an inheritance, providing another lump sum to draw on. The inheritance may include a property that you could sell or use to provide you with rental income. One issue here is that an inheritance is usually hard to plan for, so you’ll need to cover your shortfall in the meantime. You also need to know if **inheritance tax** would apply to the estate of which you are a beneficiary – although the threshold for this tax is high.

If you own your home you could look at ‘downsizing’ – selling up and moving to a cheaper property. This can free up a lump sum of cash, but there are downsides as it does involve upheaval and the costs of buying and selling a home will reduce the gain. Moving to a region with cheaper housing is another option although you may not wish to if it means moving away from family and friends. Perhaps, as an alternative, you could rent a room in your home to provide some extra income?

Another increasingly popular option is to release some of the equity in your home, which can be made possible by using a lifetime mortgage. There are an increasing number of lifetime mortgages and retirement interest-only mortgages available. These provide a cash lump sum, or even an income over a fixed term, while allowing you to remain in your home. The money is repaid when you, or the last property owner if jointly owned, move into residential care or pass away. Lifetime mortgages, just like standard mortgages, are secured against your home and will reduce the value of your estate. Financial advice is required before you take out one of these products.

Watch the video to learn more and decide if this is an option that might work for you.

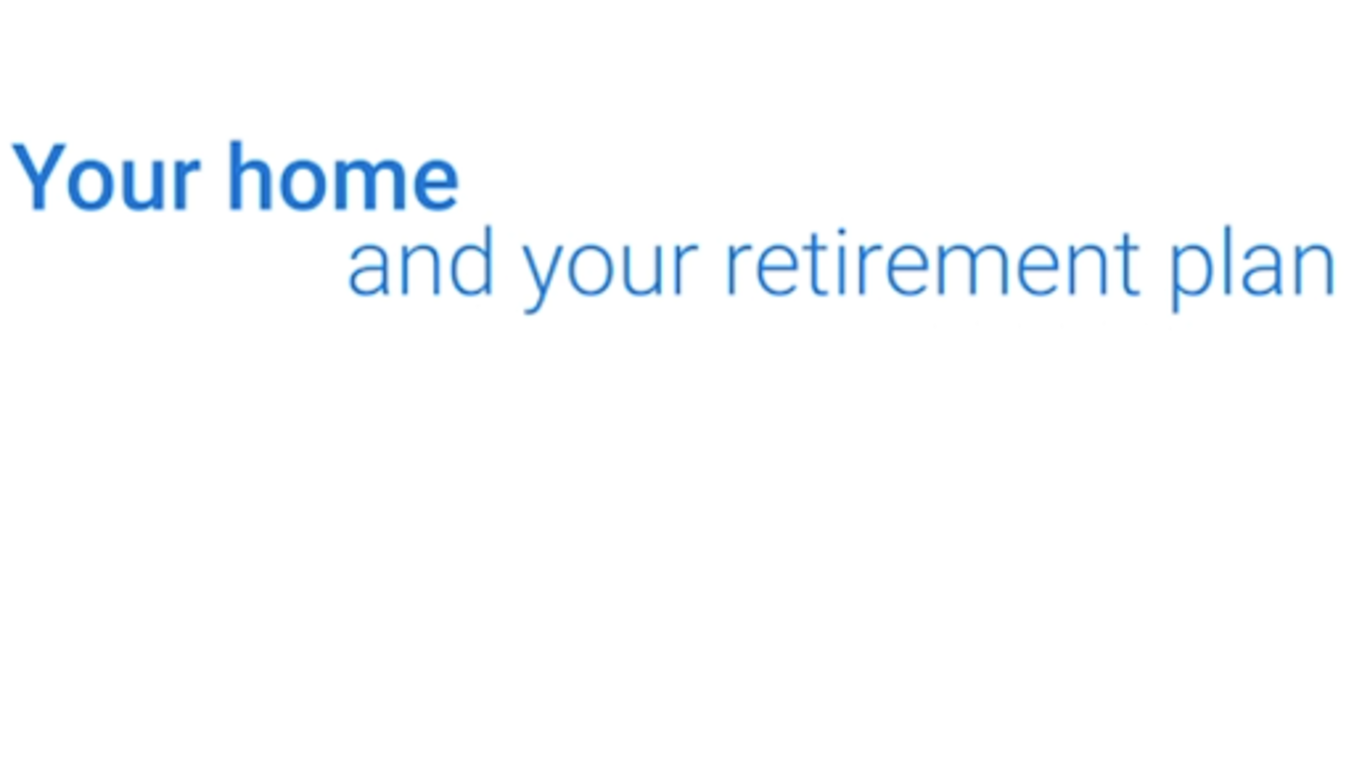
Start of Media Content

Video content is not available in this format.

Video 8

[View transcript - Video 8](" \l "Session7_Transcript2)

Start of Figure



End of Figure

End of Media Content

Start of Activity

**Activity 4 Using your home for extra money in retirement**

Allow approximately 10 minutes for this activity

Start of Question

Having watched the video on equity release, what are the pros and cons of using your home to provide cash in retirement?

End of Question

*Provide your answer...*

[View discussion - Activity 4 Using your home for extra money in retirement](" \l "Session7_Discussion1)

End of Activity

## 8 Divorce and separation: The impact on pensions

A reality that many thousands of couples in the UK face each year is divorce or separation.

In 2021 there were over 113,000 divorces in the England and Wales (ONS, 2022). Divorces in Scotland and Northern Ireland add approximately 10,000 more to this number. One in four divorces involve people age over 50 or more.

The emotional impact of divorce is often made worse by the issues around money and sorting out financial affairs, moving forward, so that two separate homes can be funded.

Start of Figure



Figure 7 Getting advice about the financial consequences of divorce may be necessary.

[View description - Figure 7 Getting advice about the financial consequences of divorce may be neces ...](" \l "Session8_Description1)

[View alternative description - Figure 7 Getting advice about the financial consequences of divorce may be neces ...](" \l "Session8_Alternative1)

End of Figure

What does this mean for pensions?

Let’s look at divorce first.

For married couples and those in civil partnerships pension savings (where a pension is yet to be drawn) or pension income (where the pension is already being drawn) should be considered as part of the financial settlement on divorce. There are essentially three common approaches to dividing up the pension assets.

* Sharing: when this type of settlement is reached the pension savings (and by implication the income these can generate) are split between the divorcing couple. The recipient of pension savings can transfer these to an alternative pension scheme if they wish unless the savings are currently in a public sector scheme.
* Offsetting: with this arrangement one person keeps their pension savings and/or income if they agree to transfer the financial equivalent to their former partner – for example by giving up their share of the house they previously lived together in.
* Attachment of earnings: here one person keeps their pension rights but under an attachment order part of the income provided by the pension savings is paid to the other partner. So although the pension savings are not shared at the time of divorce the future pension income the savings provide are. In Scotland an attachment is called ‘earmarking’.

Unlike sharing or offsetting, the potential disadvantage of attachments is that there is still a financial relationship between the divorced couple. This could be problematic if the person responsible for providing the attached earnings doesn’t do this – perhaps due to a change of circumstances. There is also the risk that the person with the pension savings could delay starting their pension leaving their former partner without their share of the income from it.

If a pension income is already being drawn – for example through an annuity on a defined contribution pension scheme – an attachment of earnings may be the only feasible option for splitting pensions.

These arrangements for sharing pension assets do not usually apply to state pensions. One exception to this relates to ‘protected payments’ that are used to top up the pre-2016 ‘old’ state pension and which apply to those whose state pension has been built up under the ‘old’ and ‘new’ state pension schemes.

Splitting pension assets can be complex and tensions can arise in reaching decisions. It is likely (although not always) that one partner will have greater pension assets that the other, so if the assets are shared 50:50, the party holding the greater assets may feel they are being treated unfairly. But if they are not shared 50:50 the party receiving the smaller share is disadvantaged. The complications mean that careful legal advice is necessary with this area of a divorce settlement.

What about separating couples who are not married or in a civil partnership? Unless there is a previously agreed legal arrangement, there is no obligation for either partner to share their pension assets and rights. Assurance of any entitlement to a former partner’s pension assets only come with a legal relationship.

Start of Activity

**Activity 5 Pensions and the gender gap**

Allow approximately 5 minutes for this activity

Start of Question

Why, on average, are the pensions of women less than those of men when couples divorce?

End of Question

[View discussion - Activity 5 Pensions and the gender gap](" \l "Session8_Discussion1)

End of Activity

## 9 Bereavement and pensions

In the UK usually around 600,000 people die each year. For many people left bereaved this will mean less money coming in.

Start of Figure



Figure 8 The loss of a partner can bring financial strains.

[View description - Figure 8 The loss of a partner can bring financial strains.](" \l "Session9_Description1)

[View alternative description - Figure 8 The loss of a partner can bring financial strains.](" \l "Session9_Alternative1)

End of Figure

If you lose your partner – either before or after starting to draw a private pension – there are financial consequences for the remaining family members.

For private pensions (both workplace and personal) entitlement to the pension savings and/or income of the deceased person are normally defined by tax regulations, the pension provider’s rules for their fund and by the ‘expression of wishes’ - which are the instructions the deceased person had given to the provider.

The tax regulations set out who can benefit and what, if any, tax will be deducted. The fund rules define what proportions of the deceased persons assets and/or income can be passed to the declared dependant(s). The expression of wishes form sets out who those dependants are so make sure that your beneficiary details are kept up to date with your pension provider.

What happens to pension savings and income after death varies between defined benefit and defined contribution schemes. Broadly, the rules are:

**Defined benefit schemes**

* A pension can be paid to dependants (e.g. surviving partner, dependent children).
* Typically scheme rules set a surviving partner’s pension at between a half and two-thirds of the amount deceased member would have got or was getting.
* Schemes also often a have life insurance lump sum payable on death before retirement (e.g.2x or 4x the salary of the deceased person). This can usually go to anyone nominated and is tax-free.

**Defined contribution schemes**

* An undrawn pension pot can be left to anyone. This is tax-free if death is prior to the age of 75 and the money is received within two years of the pension provider being notified of the death. However the money is subject to income tax if death occurs at 75+ or if the money is paid more than two years after notification of the death. The same rules apply to pension savings which have previously been moved into a drawdown fund
* Where a pension pot has been converted into an annuity the exact rules will depend on the type of annuity that has been purchased. Any pension income that is passed on after death (e.g. in the case of joint life annuities) is subject to income tax
* If someone dies before they’re 75 a tax charge could result if the deceased person’s lifetime allowance for pensions has been exceeded.

These rules are quite complex. Further details can be found via this link: [Tax on a private pension you inherit](https://www.gov.uk/tax-on-pension-death-benefits)

The state pension, by contrast, usually ends when a person dies and this can’t be passed on. The exception to this rule is where protected payments were being paid to the partner before death. Rights to 50 per cent of protected payments may be available after bereavement.

Facing up to the challenges of life in retirement after losing your partner is something we should all plan for however much we might tend to shy away from preparing for it.

In addition to checking the expression of wishes arrangements and the rules for pensions for dependents for any private pensions two other things should be done:

* Be aware of the tax issues relating to your pension assets and those of your partner, taking financial advice if necessary.
* Think about how you might cover household expenditure if you were to lose your partner. The costs of running a home don’t halve even if income does. This may place financial pressures on you.

You don’t normally need to worry about putting your wishes about your pension(s) into your will. These wishes about the beneficiaries of your pension assets should already have been supplied to your pension providers and will be acted upon by them after your death.

Regardless of whether you do find yourself in financial difficulties if you lose your partner you should check if you are entitled to support through Pension Credit (if you are over state pension age) or Universal Credit (if you are under state pension age). If you are entitled to receive them do make sure you claim these state benefits. Many people do not claim and miss out on money that would help them in retirement. Getting Pension Credit can also open the door for entitlement to other financial help including support for housing costs and assistance with health and heating expenses.

You could also be entitled to a grant to cover funeral expenses as well as [Bereavement Support Payments](https://www.gov.uk/bereavement-support-payment). Again, make sure you claim these state benefits if you are entitled to them. Links are provided at the end of the course if you need more information on these benefits.

Start of Activity

**Activity 6 Bereavement and spending changes**

Allow approximately 10 minutes for this activity

Start of Question

How do you think your household spending would change if you were to find yourself living alone?

End of Question

[View discussion - Activity 6 Bereavement and spending changes](" \l "Session9_Discussion1)

End of Activity

Making sure that you, or your partner, are provided for if one of you dies is an important exercise. In the following section we look next at setting wills and planning for care in later life.

## 10 Preparing for a long retirement

You should now know where you stand financially with your plans for retirement. Ideally your forecast pension income will at least meet your forecast spending. And if not, you’ll now be aware of the options you have to cover the shortfall.

Start of Figure



**Figure 9** Time for longer walks now that the 9 to 5 routine is a thing of the past.

[View description - Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the pas ...](" \l "Session10_Description1)

[View alternative description - Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the pas ...](" \l "Session10_Alternative1)

End of Figure

As you get older there are other money related matters you need to consider to give you and your family peace of mind.

## Planning for inheritance

It’s a good idea to make or update your will so you can decide who to leave your money, property and possessions to. If you don’t have a will the law dictates who gets everything. Pension plans usually have arrangements to pay some of your pension to a spouse or other dependents, so it’s important to check that you have given your pension provider up-to-date details of your dependents.

You will recall from the previous section on bereavement that if you have defined contribution arrangements and you die before 75 years old, anything that is left in your pension pot or in a drawdown fund can normally be passed on tax-free to beneficiaries. If you are 75 or over, what is left in your pension pot can still be passed on, but the beneficiary would be liable to pay income tax.

A link is provided at the end of the course to learn more about making a will.

Increasingly, people are also giving ‘living inheritances’. This is when you give beneficiaries money, property or other bequests while you are still alive. Some people use equity release for this purpose. Again, there may be tax implications with this so it’s important to get advice. Under the current Inheritance Tax exemptions you can gift up to £3,000 a year, tax free. Larger gifts to beneficiaries should avoid any liability to inheritance tax if they occur at least 7 years before you die.

## Planning for care

It might seem a long way off, or you might think it will never happen to you, but it is worth understanding a bit about the potential consequences of long-term illness or infirmity, and what financial support you can expect from the government in these circumstances. While approaching retirement this knowledge may help you in arranging care for your own parents or other older relatives. But the knowledge gained might eventually help you too – but do look out for any future changes to government policy on social care and their impact on you. At this point, you could think about what you would do if you had to pay for care needs now. Perhaps equity release could help here if this has not been used previously?

## Planning for decision-making in later life

You might also want to consider putting in place a lasting power of attorney (LPA) to enable others – usually family members – to take decisions about your finances or well-being if you’re unable to do so. The Scottish equivalent is a continuing power of attorney and in Northern Ireland it’s an enduring power of attorney. As you get older you may experience cognitive decline or dementia, making it difficult to make complex financial choices. These powers of attorney do not come into effect until necessitated but save your family or others having to go to court in order to manage your affairs. You can find out more about powers of attorney via a link provided at the end of the course.

This reality of ageing also means that active financial planning and decision-making can become challenging. It may, for example, mean that a guaranteed income rather than an investment-backed product may be better in later life.

It’s understandable that people may shy away from or postpone making these arrangements. Once made, however, there is the comfort that you’ve made sensible preparations for the future and taken control of your estate’s future.

And a key final point…

Planning for retirement is not just a financial exercise. In addition to making sure you have enough money to cover living costs and unexpected bills you’ll want to consider how you spend your time with a range of activities and interests. A typical working week, including commuting time, can absorb more than 50 hours a week. Having a structure and sense of purpose for your life in retirement is also important for your emotional well-being. Think particularly about engaging in new social activities, especially if you previously enjoyed the daily contact with work colleagues. Retirement is an exciting new stage in life and an opportunity to fulfil dreams that you may not of had the time to pursue before. Making plans for this time will help you enjoy it more.

## 11 End-of-course quiz

You’re nearly at the end of the course now and it’s time for a quick five-question quiz to recap. Have a go. After that there’s the course summary, which includes details of where to go for further guidance and help with retirement planning.

[End-of-course quiz](http://www.open.edu/openlearn/ocw/mod/oucontent/olinkremote.php?website=LG_2&targetdoc=End-of-course%20quiz)

Open the quiz in a new tab or window and come back here when you’ve finished.

## 12 Course round-up

You have now come to the end of the course.

Hopefully what you’ve learned will help you plan for an enjoyable and fulfilling retirement.

Start of Figure



**Figure 10** A walk on the beach is always refreshing – whatever the weather!

[View description - Figure 10 A walk on the beach is always refreshing – whatever the weather!](" \l "Session12_Description1)

[View alternative description - Figure 10 A walk on the beach is always refreshing – whatever the weather!](" \l "Session12_Alternative1)

End of Figure

The focus of the course has been about organising your retirement finances and providing you with guidance when it comes to making decisions about how to invest your pension pot to give you an income in retirement. These decisions are critical, as many of the decisions you make cannot be reversed.

In this course you’ve followed the following stages to take control of your retirement finances:

* First, estimate your spending needs in retirement and keep an eye on how price changes – particularly of essentials – change this.
* Then check how much income you’ll get from your state pension.
* Check the details for your private pensions – including all your occupational and personal pensions.
* Consider the split you’ll want to make between drawing income from your pensions and how much you want to take as lump sums.
* Check if the total amount you take in income from state and private pensions, after deducting income tax, covers your spending needs.
* If there is a shortfall, consider your options for bridging the spending–income gap. If you believe there will be a shortfall, the sooner you take action the better.
* Finally, be aware of the impact divorce or bereavement could have on your pension income.

If you follow all these stages you should have a good insight into, and control of, the lifestyle you’ll enjoy in retirement.

We wish you all well for the future.

**Where next?**

If you’ve enjoyed this course you can find more free resources and courses on [OpenLearn](http://www.open.edu/openlearn/).

New to University study? You may be interested in our [Access modules](http://www.open.ac.uk/courses/do-it/access).

You might also be interested in the Open University course [DB125 You and your money](http://www.open.ac.uk/courses/qualifications/details/db125) and the [BA in Economics](http://www.open.ac.uk/courses/qualifications/r30).

Making the decision to study can be a big step and The Open University has over 40 years of experience supporting its students through their chosen learning paths. You can find out more about studying with us by [visiting our online prospectus](http://www.open.ac.uk/courses).

## Further guidance and helpful links

**Your guide to retirement income**

Legal & General, who have collaborated with The Open University to produce this course, have produced a booklet on retirement income. You can find it via this link: [Retirement income guide](http://www.legalandgeneral.com/retirement/campaigns/retirement-income-guide)

You can also find out more about retirement planning at the following link: [Retirement planning and options](https://www.legalandgeneral.com/retirement/)

**MoneyHelper**

[MoneyHelper](https://www.moneyhelper.org.uk/en) is a government resource offering advice, guides and tools, as well as the chance to speak to someone over the phone and online. MoneyHelper is part of the Money & Pensions Service (MaPS) – the new financial guidance organisation that covers all aspects of personal finance.

A free guidance service for people over 50 is offered through their [Pension Wise](https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise) service.

**Financial advisers**

If you need a financial adviser, you can find one at: [MoneyHelperDirectory](https://directory.moneyadviceservice.org.uk/en)

**More details about state pensions and state benefits**

Use this link to find out more about deferring your state pension: [State pension deferral](https://www.gov.uk/deferring-state-pension)

Use this link to find out more about pension credit: [Pension Credit](https://www.gov.uk/pension-credit)

Use this link to find out more about [Universal Credit](https://www.gov.uk/universal-credit)

Use this link to find out more about [Bereavement Support Payments](https://www.gov.uk/bereavement-support-payment)

**Planning for later life**

Use this link to find out more about making a will: [Making a will](https://www.gov.uk/make-will)

Find out more about powers of attorney via this link: [Powers of attorney](https://www.gov.uk/government/collections/lasting-power-of-attorney-forms)

Find out more about the considerations of ‘downsizing’ your home via this link: [Downsizing your home](https://www.legalandgeneral.com/retirement/more-money-in-retirement/downsizing-cost-of-moving/)

## Glossary

Annuity

A guaranteed income given by an insurance company in exchange for the value of your pension pot.

Gross income

Income before any deductions (of income tax, NICs etc.)

Income Tax

A UK tax on income from all sources (including pension income).

Inheritance Tax

A UK tax on inherited money, property and other assets.

ISAs

Individual Savings Accounts where the earnings, for example from interest, are tax-free.

Legal & General

Legal & General Group is a multinational financial services company with its headquarters in London, UK.

National Insurance Contributions (NICs)

A form of taxation of incomes payable by those aged up to the state pension age.

Pension Credit

A government benefit paid to those over state pension age and on a low income. Pension Credit brings incomes up to the minimum level set each year by the government.

Workplace pension

A pension provided by an employer to eligible employees (who are automatically enrolled in the pension scheme unless they opt out).

## References

Association of British Insurers (ABI) (2020) ‘£19.4 billion of pension pots unclaimed just because of house moves’ [online], <https://www.abi.org.uk/news/news-articles/2020/05/19.4-billion-of-pension-pots-unclaimed-just-because-of-house-moves/> (Accessed 2 June 2021)

Department for Work & Pensions (DWP) (2020) ‘Income-related benefits: estimates of take-up: financial year 2018 to 2019’ [online], https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019 (Accessed 27 June 2021)

Office for National Statistics (ONS) (2020) ‘Gender pay gap in the UK: 2020’ [online], <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2020> (Accessed 12 July 2021)

Office for National Statistics (ONS) (2022) Divorces in England and Wales [online], <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/divorce/datasets/divorcesinenglandandwales> (Accessed 13 September 2022)

RetirementLivingStandards.org (2023) ‘Picture your future’ [online], <https://www.retirementlivingstandards.org.uk/> (Accessed 16 February 2023)

## Acknowledgements

This free course was written by Martin Upton in collaboration with Legal & General. It was first published in August 2020 and was last updated in April 2023.

Except for third party materials and otherwise stated (see [terms and conditions](http://www.open.ac.uk/conditions)), this content is made available under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 Licence](http://creativecommons.org/licenses/by-nc-sa/4.0/deed.en_GB).

The material acknowledged below is Proprietary and used under licence (not subject to Creative Commons Licence). Grateful acknowledgement is made to the following sources for permission to reproduce material in this free course:

## Images

Course image: © RgStudio/Getty Images

Figure 1: © Picsfive/Shutterstock.com

Figure 2: © PIKSEL/Getty Images

Figure 3: © kali9/Getty Images

Figure 4: © monkeybusinessimages/Getty Images

Figure 5: © SrdjanPav/Getty Images

Figure 6: © eggeeggjiew/Getty Images

Figure 7: © FG Trade/Getty Images

Figure 8: © Oleg Dudko/Dreamstime.com

Figure 9: © monkeybusinessimages/Getty Images

Figure 10: © Geber86/Getty Images

## Audio-visual

Videos 1, 3 and 7: Legal and General

Every effort has been made to contact copyright owners. If any have been inadvertently overlooked, the publishers will be pleased to make the necessary arrangements at the first opportunity.

**Don't miss out**

If reading this text has inspired you to learn more, you may be interested in joining the millions of people who discover our free learning resources and qualifications by visiting The Open University – [www.open.edu/openlearn/free-courses](http://www.open.edu/openlearn/free-courses?LKCAMPAIGN=ebook_&MEDIA=ol).

## Solutions

## Activity 2 Your state pension

#### Discussion

Was your figure as expected? If your estimated pension was lower than expected this may be because you used to be ‘contracted out’ of part of the old state pension – this means you’ll get some of your pension from an occupational or personal pension instead. Perhaps you have a reduced record as you spent time out of employment? You can receive credits for these periods when you did not work, including time spent looking after your children. If you have any doubts check your NIC record. You should check and challenge any errors you think there are. You can also look at how you can voluntarily top up your NICs if you want to boost your state pension.

[Check your national insurance record](https://www.gov.uk/check-national-insurance-record) (open the link in a new tab or window so that you can easily return to the course)

On the other hand, maybe your statement shows that you’ll get more than the full flat-rate pension. This is likely to be because you built up a higher entitlement under the old pre-2016 state pension system. You’ll still get this ‘protected’ extra sum when your new state pension starts.

[Back to - Activity 2 Your state pension](" \l "Session3_Activity1)

## Activity 3 Exploring your pension options

#### Discussion

**A guaranteed income for life (an annuity)**

Choosing a lifetime annuity provides certainty about your pension income as it pays out a regular fixed income until you die. This will mean you can check, with confidence, how far it will go to meet your spending in retirement.

There are additional features available on annuity products such as inflation-proofing the payments, protecting some or all of the money used to buy your annuity, or ensuring your spouse or dependant continues to receive some or all of the income should you die before they do. Having health issues could increase the return you can get, so disclosing your health and lifestyle details may mean you qualify for an enhanced annuity. And do shop around for the best annuity deal as what you can get varies between annuity providers.

As people are living longer and long-term interest rates have fallen, annuity rates have reduced in recent years, but they are guaranteed. Also, buying an annuity is a very important decision which can’t be reversed.

**A guaranteed income for a set period**

Taking your pension pot through a fixed term plan is a good way to provide certainty about your retirement income for a set period of time. This could be a tax-efficient way to use your pot – particularly if your total income each year is no more than your personal (tax-free) allowance. Some of these products pay a fixed amount through the term and others offer a lump sum at the end of the term as well as regular payments. This lump sum payment can then be used to purchase another retirement income product or taken as cash depending on your circumstances and the amount payable.

The downside is that these plans have a set term – and at the end your pot may be used up and you will get no more pension income from the plan. This could mean that you have less income than you need in later retirement.

**Drawdown**

Choosing drawdown provides more flexibility with how much cash you can take, and when, from your pension pot. This will help you manage those periods when your spending increases (for example, bills for home maintenance). This might also be useful if you’d like to access the tax-free cash amount from a pension pot. With drawdown your money is invested in your name and therefore you are responsible for managing the investment and the amount you withdraw. You would be susceptible to financial market lows as well as benefiting from the highs. If you spend money too quickly you could be short of money later on in retirement.

**A mixture of these options**

You may want to use different options if you have more than one pension pot. You may choose to take a larger lump sum at the start of your retirement to pay off debts, or to spend on major projects and plans (e.g. a world cruise or on renovations to your home). You could then use other pensions to provide that regular income you need to cover routine annual spending – perhaps using your state pension to cover your major essentials and your private pension to cover other spending.

[Back to - Activity 3 Exploring your pension options](" \l "Session5_Activity1)

## Activity 4 Using your home for extra money in retirement

#### Discussion

Equity release products provide tax-free lump sums to support pension income. The market is becoming more competitive too, meaning that the interest rates charged have become lower in recent years. A lifetime mortgage allows you to stay in your home, avoiding the costs, disruption and perhaps, the emotional impact of ‘downsizing’ to release cash.

However, it will reduce the value of the estate you leave to your family or other beneficiaries. You can choose a lifetime mortgage where you don’t pay interest until the loan is paid off, usually through the sale of your property when you die or go into long-term care. However, this means that the interest is added to the original cash amount and added to the amount owed, so the amount owed can build up quickly. To avoid this build up you can opt for a product where you pay some or all of the interest on the loan – although you will need to be sure your retirement budget can accommodate the resulting interest costs.

The maximum amount that a lifetime mortgage will provide depends on your property value and age. The maximum loan is lower when you’re younger because it’s expected that it will take longer to repay the lender.

There may be cheaper ways to find the cash that you would need, so taking financial advice is a requirement when considering this product. An adviser will ensure that you are making the best, informed decision. As it will affect the value of your estate it’s a good idea to discuss your plans with your family too.

[Back to - Activity 4 Using your home for extra money in retirement](" \l "Session7_Activity1)

## Activity 5 Pensions and the gender gap

#### Discussion

The career breaks and periods of low or part-time earnings incurred by many women during their working lives due to caring responsibilities mean they aren’t able to build-up the level of pension savings and rights that men usually do.

Additionally the average earnings of women are still below those of men in the UK and this also affects the accrual of pension savings.

This situation is, however, changing, helped by legislation on paternity leave and more progressive attitudes by couples towards the sharing of caring responsibilities. Additionally the gender pay gap has narrowed significantly in recent years. In 1997 for all employees the average earnings of women were 27.5% below those of men. By 2020 this gap had shrunk to 15.5%. For full-time employees the gap in 2020 was lower at 7.4%. (ONS, 2020).

[Back to - Activity 5 Pensions and the gender gap](" \l "Session8_Activity1)

## Activity 6 Bereavement and spending changes

#### Discussion

You would find that some items of expenditure remain the same but others, like spending on food and drink, would fall.

Many of the costs of running a home are fixed and are not affected by how many people live together. This includes mortgages or rent, car and home insurance as well as home and garden maintenance.

But some costs which might seem to be fixed can fall. A discount on Council Tax (or Rates in Northern Ireland) does apply for one person households – but only at 25% in England, Scotland and Wales. In Northern Ireland a 20% discount applies to rates for single householders aged 70 or over. Similarly water companies offer single occupancy discounts. Fuel costs might be lower – but not 50% lower and the same applies to the costs of running a car.

Have a look through the bills you pay each year – how many of those will fall by 50% if there was only one of you? How many will be unchanged? How many will fall by a proportion less than 50%?

[Back to - Activity 6 Bereavement and spending changes](" \l "Session9_Activity1)

# Figure 1 Time to be realistic about your spending plans.

## Description

The figure is a photo showing a late middle-aged couple with a laptop and laughing with other.

[Back to - Figure 1 Time to be realistic about your spending plans.](" \l "Session2_Figure1)

# Figure 2 Drilling down into those financial details.

## Description

The figure is a photo showing a woman in a large workshop looking intently at the screen of her laptop.

[Back to - Figure 2 Drilling down into those financial details.](" \l "Session2_Figure2)

# Figure 3 With retirement comes more time to pursue your hobbies.

## Description

The figure is a photo of two women painting.

[Back to - Figure 3 With retirement comes more time to pursue your hobbies.](" \l "Session3_Figure1)

# Figure 4 There are now more options for drawing from your pension pot.

## Description

The figure is a photo showing a couple with their grandchild who is sitting on the shoulders of her grandfather.

[Back to - Figure 4 There are now more options for drawing from your pension pot.](" \l "Session5_Figure1)

# Figure 5 Sometimes your tax bill may come in lower than you expected.

## Description

The figure is a photo showing a couple looking at a laptop screen and smiling.

[Back to - Figure 5 Sometimes your tax bill may come in lower than you expected.](" \l "Session6_Figure1)

# Figure 6 Time to sort out your options for boosting your retirement income.

## Description

The figure shows a couple in their home poring over paperwork in front of their laptop.

[Back to - Figure 6 Time to sort out your options for boosting your retirement income.](" \l "Session7_Figure1)

# Figure 7 Getting advice about the financial consequences of divorce may be necessary.

## Description

The image is a photo of a middle-aged couple having a meeting with a female adviser. The adviser has a laptop open on a table in front and is addressing the couple (who look unhappy).

[Back to - Figure 7 Getting advice about the financial consequences of divorce may be necessary.](" \l "Session8_Figure1)

# Figure 8 The loss of a partner can bring financial strains.

## Description

The image is a photo of a single lily. The lily is a flower commonly associated with funeral services.

[Back to - Figure 8 The loss of a partner can bring financial strains.](" \l "Session9_Figure1)

# Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the past.

## Description

The figure is a photo showing a couple walking their dog in woodland.

[Back to - Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the past.](" \l "Session10_Figure1)

# Figure 10 A walk on the beach is always refreshing – whatever the weather!

## Description

The figure is a photo showing an elderly couple in anoraks walking on the beach.

[Back to - Figure 10 A walk on the beach is always refreshing – whatever the weather!](" \l "Session12_Figure1)

# Video 1

## Transcript

[MUSIC PLAYING]

I think there's really three steps that people should be thinking about. First of all, start with the fun part, think about how you're going to be spending your money. And I think it's really, really important to be honest and realistic with yourself. Quite often people will just focus on the essential spend, and that's not really going to give them the retirement they want.

So perhaps think about cutting it down into two parts, what's your essential spend and then what's all the nice to haves. And with your essential spend, you really want to secure that with an income that's going to last for your whole lifetime. So that might be the state pension. It might be a final salary pension. Or it could be an annuity. But make sure you know you're going to be able to cover that for as long as you live.

And then you can use some of your other investments to think about the nicer stuff, the holidays, et cetera and how you want to dip into those. It's also really important, I think, at the start when you're looking at how much, you need to consider any debt that you have. Using your 25% tax free cash that you can take from your pension can be a really good way to pay off that debt as you head into retirement.

The second step is then to work out how you're going to fund all of that fund you hopefully are going to have for retirement. So starting off, the state pension most people would have earned a state pension through their working life, if they've been making their national insurance contributions. So you go to gov.uk and check how much state pension you're owed and when you'll be able to start taking that.

Secondly, you should have, hopefully, have some pensions from your working career, either personal pensions or workplace pensions. So it's worth thinking about all of the different places that you've worked and making sure that you know exactly how much you owed in all of your different pension pots.

And then finally, you need to think about any other investments that you have. So you might have cash ISAs and other forms of savings. Or your property might be an investment. And those things could all be used to fund your retirement.

So you've got your spending, you know what assets you've got, how are you going to fund your time, and you need to match those up. So as I said earlier, how are you going to fund your essential spend? Perhaps that's with you state pension and then maybe you're going to use some of your other investments for the nicer to have things.

[MUSIC PLAYING]

[Back to - Video 1](" \l "Session1_MediaContent1)

# Video 2

## Transcript

Occupational and personal pensions are collectively known as private pensions to distinguish them from the state pension. Occupational, or work-based pensions, are organized by your employer. Usually both you and the employer make contributions, and most employees are now automatically enrolled onto a pension scheme unless they choose to opt out. Personal pensions are something you organize yourself, regardless of your employer, or indeed whether you're even working at the time.

Whichever kind of pension you have-- and many people have both-- you'll probably most interested in how much pension you'll get when the time comes. And that depends on whether it's a defined contribution scheme, or a defined benefit scheme. Some companies and public sector bodies, like local governments, provide defined benefit schemes. The amount you get is based on a combination of how long you work for that employer and how much you earned. For that reason, they're sometimes called final salary, or average salary schemes.

The longer you work there, and the more you earned when you left, the more pension you'll get. And there are usually some really clear and simple rules for working it out. Some organizations, for example, say that if you're working and in their pension scheme for 40 years, you get a guaranteed 2/3, or 40/60, of your final or average salary paid for the rest of your life. And if you work for them for less than 40 years, you simply get a smaller proportion of it.

You're lucky if you have a pension like this because they're not widely available now. And these days the terms aren't as good as they were, mainly because people are living longer. So guaranteed pensions like this are expensive for employers.

Also with this type, it's the employer that takes all the risk. If the stock markets fall, your pension stays exactly the same. So if you have a defined benefit pension, then take serious financial advice before transferring it. You're almost invariably better off leaving it where it is unless you have a serious illness.

A defined contribution scheme, also known as a money purchase scheme, is what most people have these days, whether it's a workplace pension or your own personal pension. You usually pay in an agreed amount each month, and if it's a work-based pension then your employer will, too. All the money goes into your own pension pot.

But with this kind of pension, there's no guaranteed pay-out so you won't know in advance exactly how much you'll get. Your pension pot will grow according to the rise and fall of the investments in it, such as stocks and shares. But your pension provider will send you regular updates and forecasts based on the best information available at the time.

Then, when you retire, you decide how and when to invest or draw on your pension pot money to give you an income. You can have a guaranteed income by buying an annuity, take the pension pot as a lump sum, or simply take amounts as you need it. You're also allowed to take a tax-free lump sum of up to 25% of your pot-- handy if you want to go traveling or do home improvements.

[Back to - Video 2](" \l "Session4_MediaContent1)

# Video 3

## Transcript

[MUSIC PLAYING]

So most people will receive from their pension provider an options pack as they approach retirement. And they'll set out four main options. The first being, you can stay invested. The second, you can take all of your cash. Thirdly, you can buy an annuity. Or finally, you can enter drawdown. So just to talk a little bit about what each of those mean.

So clearly, I think, we all know what taking cash would mean that you would take drawdown, the whole fund in one go. It's really important to think about the fact that only 25% of that would be tax free. The balance will be subject to income tax you. So you do need to make sure you're not going to push yourself into a higher income tax bracket than you would normally be paying.

You can also choose to leave your fund invested. If you don't need to access the money at the moment, then you absolutely don't need to take it. there's no obligation. You can choose when you want to access your pension fund nowadays. So that's definitely something to consider if you're worried about having sufficient funds in your retirement. The longer you can leave it invested, the longer you can keep contributing to it, and the shorter period you going to draw it down over, then clearly that's going to last you longer.

So an annuity is a product that provides you with a guaranteed income for life. So the insurance company-- you will pass the fund over to the insurance company and they will agree to pay you a set amount every month or every year, whatever you choose, for the rest of your life. So that ensures that you won't run out of money.

But the important thing to be aware of with an annuity is it is a one-time decision. You can't surrender annuity products. So you can't choose to take more money out of it than the company is paying you each month. So it is a one-time decision. It's something you need to be sure about doing.

Finally drawdown, so drawdown, the fund is left invested. So you are subject to investment risk, but you have complete flexibility over how much money you take. The really important thing to note with that, though, is that your fund could be exhausted before you die if you take too much out, particularly in the early years. Or if there's a poor performance in terms of the funds, then you may exhaust them before you retire.

But with both annuities and drawdown, the really, really important thing that I can't emphasize enough is that people shop around. A lot of people stick with their existing provider, which is not always the best thing to do. Your existing provider won't necessarily provide you with the best annuity rate. And the fund charges and fees on a drawdown product will vary from provider to provider.

So it's really, really important to make the most out of your money in retirement that you really do your shopping around.

[MUSIC PLAYING]

[Back to - Video 3](" \l "Session5_MediaContent1)

# Video 4

## Transcript

Before 2015 when pension rules were changed, most people converted their pension savings into a guaranteed income for life by buying an annuity with their pension pot. Now there are other options, but many people still choose an annuity as a way of protecting against financial uncertainty. Annuities can offer peace of mind as they provide a secure regular income.

You can split your pension pot. So if you want to, you can just use part of your retirement savings to buy an annuity so that you do get some secure income, perhaps to cover your basic expenses, like your bills. Remember, an annuity is a guaranteed income for life, no matter how long you live.

However, you need to be sure on the choices you make. You can't change your mind once your annuity has started, and you can't cash it in.

Unlike other financial products, with an annuity disclosing health conditions can help you get a better rate if these conditions may affect your expected lifespan. And this can apply to lifestyle choices too, such as drinking and smoking. Your pension provider may offer an annuity or another retirement product but remember their rates might not be the best. So shop around and see who can offer you the highest income.

The income you're offered will depend on how much is in your pot, your age-- the younger you are, the lower the income offered will be. How much you decide to take as a tax-free lump sum-- you can have up to 25%. Whether you include extras features, such as protection against inflation or providing an income for a partner or spouse after your death.

Your health, lifestyle, and occupational history-- this could help you get a better rate. Also current rates and the state of the economy.

An alternative to an annuity is to opt for a guaranteed income for a fixed time period. This option might be a tax efficient way to take retirement income. These products pay a regular amount for an agreed time, and some also offer a lump sum at the end. This can be useful as a bridge to a future date when another source of income starts.

Whichever option you choose, do you remember that your pension is liable to income tax. And do you bear in mind that when you opt for an annuity or another guaranteed income product, it's a one-off decision that you can't change. So take your time to make sure it's the right decision for you.

[Back to - Video 4](" \l "Session5_MediaContent2)

# Video 5

## Transcript

Your pension pot is your money. So if you wanted to just take the whole lot right now you can, as long as you're 55 or over. But if you do, there are quite a few things to think about. Firstly, you'll lose a fair chunk of it in tax because you can only take 25% tax free. You'll have to pay tax on the rest, and of course, the amount could easily put you in a higher tax bracket. It may be more tax efficient to take the money in smaller lump sums over a few years.

If you're claiming any means tested benefits such as pension credit, housing benefit, or council tax support, then a large lump sum could mean you're not entitled to them anymore. Also, if you withdraw more than the tax-free part of your pension, there is a limit on new contributions into your pension pot. Beyond this limit, you're liable to tax. And possibly the most important question of all, will you have enough money to last for the rest of your life, and what will you do if it runs out?

[Back to - Video 5](" \l "Session5_MediaContent3)

# Video 6

## Transcript

If you like keeping your options open and don't mind doing a bit of financial homework, then you might want to manage your pension income yourself. You could choose to move your pension pot into drawdown. You can then take your 25% tax free lump sum while leaving the rest of it invested where it can continue to grow, taking further money when you need to, either as a regular income or occasional lump sums.

With this approach, you're responsible for managing your own pension pot, and taking decisions to make sure that you have enough to live on while still leaving money invested so that you don't run out later in retirement. Ultimately, any money that's left in your pot becomes part of your estate.

Taking your pension this way means that you'll benefit if investments do well, but you'll also carry the risk if investment performance is poor. A significant concern with the drawdown approach is that predicting how long you'll live, and therefore how much money you'll need, is far from an exact science. Based on national averages, a woman of 68 today has a one in four chance of living to 94, and a 1 in 20 chance of reaching 100.

Unless the withdrawal of money from a pension pot has been very carefully managed, by that age, and potentially when her needs are greatest, the funds might have been long spent. Of course, you can combine approaches, and perhaps have the drawdown approach in the earlier years of your retirement. And then in later years, either buy an annuity or choose other approaches that require less ongoing financial management.

[Back to - Video 6](" \l "Session5_MediaContent4)

# Video 7

## Transcript

[MUSIC PLAYING]

If you're really concerned about not having enough to support you through retirement, there's a number of different things that you could do. Firstly, you could choose to delay your retirement. And the benefits of that would be twofold. So firstly, you'd still be contributing to your pension, hopefully. And secondly, you'll be taking that over a shorter period of time. So that can be a real option for people who don't feel they've saved enough.

The other things you could do is you could continue to work part time. So often people will transition into retirement more gradually rather than an abrupt stop from full time work to part time work. You might want to not keep up the daily commute or whatever it is you've been used to and working at that pace. But perhaps you've got an interesting hobby or a skill like dog walking, carpentry that you could make an extra income from. So there's always something to think about in a more creative way that might be a bit more fun than your current day job.

But don't worry if you do need to retire now and you're worried about having an income shortfall, the course is going to cover different options that might help you.

[MUSIC PLAYING]

[Back to - Video 7](" \l "Session7_MediaContent1)

# Video 8

## Transcript

If you own your own home, there can be a lot of money tied up in it. So releasing cash from your home is a way to boost income in retirement. One way of doing this is to downsize – moving to a smaller, less expensive house. Moving isn't cheap, and of course, there's the upheaval to consider. But that could be useful money left over, which you'll be free to spend as you need.

Another option is to release funds from your home while still living in it by securing a loan against the property. And there are several kinds of loans to choose from. A lifetime mortgage is a type of equity release. It has the flexibility of allowing you to borrow against some of the value of the home, either as a lump sum or several smaller amounts. The loan is repaid by the house being sold when the borrower dies or moves into long term care. The interest rate is usually fixed, but as it gets added to the loan amount, it does mean that the amount owed builds up quite quickly.

There are loan options where you can pay some or all of that monthly interest instead of it being added to the loan, and this reduces the overall cost. This type of borrowing needs careful consideration and financial advice. Just like a standard mortgage, it's secured against the home and will reduce the value of the estate.

There may be cheaper ways to borrow money, but a specialist advisor will look at all your options and recommend if this is the best solution or not. With retirement interest-only mortgages, making sure that the interest payments are affordable is important, because the home may be repossessed if payments aren't kept up.

Lifetime mortgages and retirement interest-only mortgages are available to people who are aged 55 years or older and are UK homeowners. Minimum property values apply, but these vary. They're not right for everyone, so you will have to take advice if you think these products may be suitable for you.

[Back to - Video 8](" \l "Session7_MediaContent2)

# Figure 1 Time to be realistic about your spending plans.

## Alternative description

The figure is a photo showing a late middle-aged couple with a laptop and laughing with other.

[Back to - Figure 1 Time to be realistic about your spending plans.](#Session2_Figure1)

# Figure 2 Drilling down into those financial details.

## Alternative description

The figure is a photo showing a woman in a large workshop looking intently at the screen of her laptop.

[Back to - Figure 2 Drilling down into those financial details.](#Session2_Figure2)

# Figure 3 With retirement comes more time to pursue your hobbies.

## Alternative description

The figure is a photo of two women painting.

[Back to - Figure 3 With retirement comes more time to pursue your hobbies.](#Session3_Figure1)

# Figure 4 There are now more options for drawing from your pension pot.

## Alternative description

The figure is a photo showing a couple with their grandchild who is sitting on the shoulders of her grandfather.

[Back to - Figure 4 There are now more options for drawing from your pension pot.](#Session5_Figure1)

# Figure 5 Sometimes your tax bill may come in lower than you expected.

## Alternative description

The figure is a photo showing a couple looking at a laptop screen and smiling.

[Back to - Figure 5 Sometimes your tax bill may come in lower than you expected.](#Session6_Figure1)

# Figure 6 Time to sort out your options for boosting your retirement income.

## Alternative description

The figure shows a couple in their home poring over paperwork in front of their laptop.

[Back to - Figure 6 Time to sort out your options for boosting your retirement income.](#Session7_Figure1)

# Figure 7 Getting advice about the financial consequences of divorce may be necessary.

## Alternative description

The image is a photo of a middle-aged couple having a meeting with a female adviser. The adviser has a laptop open on a table in front and is addressing the couple (who look unhappy).

[Back to - Figure 7 Getting advice about the financial consequences of divorce may be necessary.](#Session8_Figure1)

# Figure 8 The loss of a partner can bring financial strains.

## Alternative description

The image is a photo of a single lily. The lily is a flower commonly associated with funeral services.

[Back to - Figure 8 The loss of a partner can bring financial strains.](#Session9_Figure1)

# Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the past.

## Alternative description

The figure is a photo showing a couple walking their dog in woodland.

[Back to - Figure 9 Time for longer walks now that the 9 to 5 routine is a thing of the past.](#Session10_Figure1)

# Figure 10 A walk on the beach is always refreshing – whatever the weather!

## Alternative description

The figure is a photo showing an elderly couple in anoraks walking on the beach.

[Back to - Figure 10 A walk on the beach is always refreshing – whatever the weather!](#Session12_Figure1)