



# Retirement planning

## Video transcript

In this section, we'll highlight some general guidance on key things to think about as part of any retirement planning. Your retirement income does not all have to come from your workplace pension. You might be eligible for a State Pension from the government too. And you might also have other sources of income or savings that could supplement your retirement income, and you might want to take this into account as part of your planning as it could form part of your income in retirement.

Now of course there's lots of things to think about for your retirement and much of it will be very personal to you, but I'm going to mention three key areas of planning today: reviewing your finances, budget planning and target setting.

In brief, reviewing your finances is about what you have. Budget planning is about how much you think you'll need. And target setting is about when you might want to take your benefits and what actions you might need to do to achieve your target. We're going to look at each of these now and I'll show you where you can get some extra information to support your planning.

When reviewing your **finances** and thinking about what you have in the way of benefits, you could consider... Do you know what benefits you've built up in USS and what you're likely to build up? You can find this out by logging in to My USS and using the calculators. Are you going to be receiving any State benefits and how much will they be?

The new full rate of the new State Pension is currently £241.30 a week, however your amount could be different. Do you have any other pensions from previous employments or personal pensions? You would need to contact the administrators of any other schemes that you're a member of to gather details about your benefit entitlements.

Or if you're unsure what you have, you could use the Pension Tracing Service on the government website. And what about any other income or savings that you might have, such as property or investments? And if you have a partner, it's important to consider what income, savings and pension entitlements they may have and when they might come into payment.



We're going to have a look at **budget planning**. A useful starting point for you might be to think about what sort of lifestyle you want when you retire. And that could be anything from going on holiday a couple of times a year, to just paying your bills and having the occasional treat.

The Pension and Lifetime Saving Association (PLSA) has created these retirement living standards. And the idea of these is to give an idea of what life could look like at three different levels of income, with an overview of how spending habits might be covered. Everyone's retirement will be different though, and other costs do need to be factored in depending on your circumstances and living arrangements.

We're just going to go through these three living standards here. The amounts indicate the expenditure required to achieve a given living standard. So the amount that you would need to receive after tax from all sources of income.

The minimum level is estimated to be £13,900 a year for one person and £22,500 a year for two people. This is expected to cover your basic needs with a little leftover for socialising and extras such as a UK holiday each year, dining out once a month and affordable leisure activities around twice a week.

A moderate level is estimated to be £32,700 a year for one person and £45,400 for two people. This is expected to lead to more financial security and the flexibility to do more, such as an annual holiday abroad and dining out a few times a month.

Then a comfortable level is estimated to be £45,400 a year for one person and £62,700 for two people. This is expected to offer opportunities for most spontaneous spending and luxuries, say with a foreign holiday and UK mini breaks each year, subscriptions to streaming services and regular beauty treatments. And remember, these figures are the amounts of expenditure required to achieve a given living standard.

And finally, **target** setting. Once you've reviewed your finances, worked out what you have and how much you think you'll need, what's your plan to make it happen? It's important to think about when you want to retire. So will you have enough at the point you would like to retire for your plans?

If not, could you consider the age that you plan to retire and whether you may take all the benefits at the same time or over a period of time?

You could also consider further building up your benefits by paying additional contributions to help reach your target, which could benefit from tax relief. Or you could build up other non-pension savings. And there's a number of tools and resources available on the USS website that you can use to help with your planning, including the Contributions & Tax Calculator.

You can factor in any additional contributions you're thinking of paying into the Investment Builder and estimate how much you'll contribute and how much you might save in tax, and see how much you could save in National Insurance with salary sacrifice, if your employer offers that. You can use the Benefit Calculator to help you estimate your USS benefits in retirement and see how your benefits might look if you access them at different ages or use any of the flexible options with your Investment Builder pot.

And you can use that estimate alongside your State Pension forecast and other savings and income details to help with your retirement planning. You can also look at the government's Midlife MOT tool. It asks you

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a series of questions about your finances and budgeting plans and provides guidance on potential next steps appropriate to your answers.

And if you are not sure what's right for you, or want to check your plans with someone, then you could think about taking independent authorised financial advice. USS recommends that you seek guidance and/or take financial advice to workout what's best for you. And you can find out more about guidance and financial advice on the USS website.