



Rossborough Financial



**5 essential steps if you
want to retire early**





Getting the most out of your retirement and reaching your goals requires careful planning.

But as we all know, life doesn't always go to plan.

If you decide you want to retire sooner than originally planned – whether due to circumstances beyond your control, a health crisis, or a simple change of heart – a pension shortfall may require a rethink.

This guide shares five steps you can take to help you plan for a pension shortfall, build a strong financial foundation, and start enjoying your retirement sooner.

Please note: A pension is a long-term investment not normally accessible until 50. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Past performance is not a reliable indicator of future performance.

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To understand how much is “enough”, you first need to clarify how you’d like to spend your retirement years.



Step 1: Calculate how much you’ll need for retirement

Setting out what you want your retirement to look like is crucial. Without knowing what you’d like your future lifestyle to look like, it’s difficult to know if your finances are on track.

When you think about retirement, what is it you’re most looking forward to?

Travelling has always been among the top things people look forward to most when they retire. While travel may form part of your retirement dream, it’s equally important to think about how you’ll fill day-to-day life.

Whether you hope to commit more time to hobbies, socialise with friends, or spend quality time with your grandchildren, firm ideas about how you plan to spend your retirement will help you calculate how much you need to fund it.

Don’t delay this crucial step.

Fear could lead you to bury your head in the sand and avoid confronting the reality of your situation, but the sooner you understand your position, the sooner you can start to address any potential shortfall.

Average cost of retirement

[Retirement Living Standards](#) (3 June 2025) figures from Pensions UK can help clarify how much income you may need once you've retired. Of course, while these figures could be a useful guide, the amount you need will depend on your circumstances, goals, and other financial responsibilities. Also, bear in mind that the cost of living in the Channel Islands is higher than the UK so your retirement spending will likely be higher than the figures quoted.

MINIMUM

Single: £13,400

Couple: £21,600

Meets basic needs, with a little leftover for fun.



MODERATE

Single: £31,700

Couple: £43,900

Offers more financial security and flexibility.



COMFORTABLE

Single: £43,900

Couple: £60,600

More financial freedom and some luxuries.



HOW WE CAN HELP

You may think you have all the answers, yet many people have only vague notions of what they're looking to achieve.



As well as helping you to understand how to balance saving and spending throughout your lifetime, we can also provide support when you're facing life's biggest questions.



Step 2: Work out how to use all your assets to structure a tax-efficient, sustainable income

With increasing life expectancy, your retirement could last 30 years or longer.

Data from the [Office for National Statistics](#) (ONS) (14 February 2025) shows that the average 60-year-old male will live to age 84, with a 1 in 10 chance of living until age 97. The average 60-year-old female will live until age 87, with a 1 in 10 chance of reaching 99.

Therefore, it's important to create a sustainable income to ensure you're able to maintain your lifestyle for many years to come.

If you're taking early retirement, you won't start receiving your State Pension right away. So, you'll need to work out where your income will come from and how you'll "bridge" the gap until you reach your State Pension Age. (You can read more about this in step 4, on page **10**.)

An efficient retirement income strategy should be planned well in advance to ensure that, where appropriate:

- Allowances and exemptions are used to their full capacity
- Married couples or those in a civil partnership plan together so that income and assets are allocated effectively.

When calculating your retirement income, remember to think beyond your pension savings.

Cash, investment accounts, property, or business interests could all play a role in providing the income you need.

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Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

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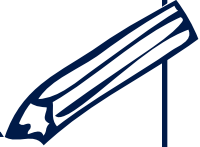
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YOUR RETIREMENT INCOME SOURCES CHECKLIST



Pension pots:

- ☐ PRIVATE OR WORKPLACE PENSIONS
- ☐ ANY FINAL SALARY PENSIONS YOU MIGHT HAVE

Find lost pensions:

- ☐ TRACE THEM
- ☐ CONTACT THE PROVIDER FOR AN UP-TO-DATE STATEMENT
- ☐ CONSIDER IF IT MAKES SENSE TO CONSOLIDATE THEM

Savings and investments:

- ☐ CASH SAVINGS
- ☐ INVESTMENT ACCOUNTS
- ☐ ANY PROPERTY YOU OWN

Think twice before drawing on your pension

While you may consider your pension as the foundation of your retirement plan, if you have other income that uses your tax allowances, it may be prudent to defer drawing on your pension.

Because pension funds benefit from tax-free growth, interest, and dividends, it may be better to leave your pension invested to maintain your capital value and potentially profit from further investment growth.

Instead of relying on your pension savings, it may make more sense to access your assets in a different order, such as:

1. Cash savings
2. Investments
3. Pensions

Remember to retain an emergency cash fund. Typically, in retirement, it's advisable to keep enough money to cover at least six months of expenditure in an easy access savings account.

Enjoy flexibility from cash savings

Cash savings may be a useful part of your retirement income, as you won't pay Income Tax when drawing from the funds.

Useful in reducing tax in retirement, you can use your cash savings to:

- Fund large, one-off purchases
- Top up your income

By supplementing your pension income with cash savings, you could reduce your taxable income and potentially mitigate a large bill.

TAX EFFICIENCY IS KEY

While tax-efficient accumulation helps enhance your wealth for the retirement you desire, tax-efficient decumulation in retirement helps preserve your capital. In turn, helping increase the chance of having money to leave to your loved ones.

You may benefit from structuring your income to make use of the Standard Exemption Threshold (Personal Allowance in Guernsey), where possible.

By planning together, couples can use tax allowances to maximise the amount of tax-free income available.



HOW WE CAN HELP

From planning a tax-efficient, sustainable income to ensuring you've taken appropriate steps to pass your wealth to the next generation, we're here to help you understand your options and make the right choices for your long-term financial wellbeing.



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Step 3: Stress-test your finances so you're aware of potential issues

With more clarity about how much you'll need to fund your retirement and ways you may be able to create a tax-efficient income stream, you may wish to understand where you're at now and how your financial situation may change over time.

This is where cashflow planning may prove useful. Cashflow modelling tools work on the data you provide. We can input all your information and create a series of bespoke cashflow models that illustrate how different scenarios may affect your wealth.

For example, you might wish to alter the date of your retirement, adjust the expected return on your investments, or simulate a fall in the market.

You can also see how taking income from different sources could affect your overall finances and your potential tax situation over time.

The ability to visualise your financial future can be invaluable, guiding you to make wise decisions and take control of your financial journey.

It can be especially useful to help you understand if your aspirations are within reach. If they're not, we can then advise on how you could adjust your plan, showing you when and how you might achieve your goals.

Please note: The Jersey or Guernsey Financial Services Commissions do not regulate cashflow planning.

HOW WE CAN HELP

Cashflow modelling could show you what is possible, what isn't, and highlight where you may need to take action to get to where you want to be.



While cashflow planning is only as good as the data you provide, regular reviews can ensure your plans remain current and that your cashflow model continues to reflect your circumstances.

We can use cashflow modelling to give you confidence in your financial plan, a sense of control over your future, and peace of mind that you'll maintain your financial security whatever the future throws at you.

Step 4: Work out how to bridge a gap if you want to retire extra early

For most people, you can currently access your private pension pots between the ages of 50 and 75.

So, if you're aiming to retire earlier than this, you may need to think about how you'll bridge the gap between your retirement date and when you can access your pension.

Likewise, if you retire before your State Pension Age, you'll also want to consider how you'll cover the gap before you start receiving State Pension payments.

Bridging a personal pension gap

As discussed in step 2, you may already have a plan for how best to use all your available assets to secure your income when you're no longer working. If so, great stuff!

But if not, now's the time to plan ahead so you don't create an unexpected problem later.

To determine how much you may need, work out:

- How many years are there between your retirement and being able to access your pension?
- How much do you expect to spend each year?

With a good idea of these figures, you can calculate the difference you'll need to bridge the gap.

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Bridging a State Pension gap

The current State Pension Age in Jersey is 65 for those born before 1 January 1955. If you were born after this, the State Pension Age gradually increases to 67.

Meanwhile, in Guernsey, the State Pension Age is rising from 65 to 70, over time.

The amount you receive depends on the level of social security contributions you make before retiring, and the age at which you will claim your State Pension.

In Jersey, you need:

- 45 years of social security contributions if you claim from 65
- 46 years if you claim from 66
- 47 if you claim from 67.

In Guernsey, you need to have paid an average of at least 50 contributions a year for 45 years.

Pensions UK's [Retirement Living Standards](#) (3 June 2025) suggest that a single person needs £13,400 for a minimum standard of living, and your State Pension could provide a healthy chunk towards this, provided you receive the full amount.

HOW WE CAN HELP

From discussing your retirement goals and suitable ways to create a tax-efficient and sustainable income using all your available resources to helping you calculate how much income you'll need, we're here to help ensure you're financially prepared to enjoy the retirement you deserve – no matter when you want to finish work.

If you'd like some reassurance to understand how you might be able to bridge a gap between your ideal retirement date and pension payments kicking in, please get in touch.





Step 5: Consider phasing into retirement

Phased retirement could help you continue to work and save towards your pension for longer.

A phased or “flexi” retirement allows you to gradually reduce your working hours as you approach retirement, while continuing to save into your pension.

There’s no hard rule on how to structure your phased retirement. It could mean you work shorter days, fewer days, move to a less demanding position, or consider a flexible working arrangement like job sharing.

Ultimately, retiring gradually could provide valuable time to boost your pension savings as you continue to earn.

Financial benefits of working

- Your retirement savings may last longer.
- You’ll receive an ongoing income.
- You can continue making tax-efficient contributions to your pension.

As well as helping to boost your financial situation, retiring gradually could give you more free time while allowing you to enjoy the emotional benefits of continuing to work.

Emotional benefits of working

- A sense of routine and purpose.
- Keeping mentally and physically active.
- Opportunities to socialise and maintain long-held relationships.

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Planning how to maintain the income you desire during your phased retirement and beyond can be complicated.

Working less is likely to mean you also earn less. If you need to boost your income, you may decide to draw on your savings and investments so that you can preserve your pension. Alternatively, it may suit you better to supplement your income with funds from all of these sources.

HOW WE CAN HELP

We can review your unique financial situation and help you create a tax-efficient, sustainable income that affords you the lifestyle you desire.



If you'd like to know more about how a phased retirement could work for you, please get in touch.

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Financial advice can help you relax and enjoy the retirement you deserve

We can help you with all aspects of your retirement plan – from understanding how much you need to helping you structure a sustainable, tax-efficient income from your pensions and investments.

We'll also review your plans regularly, adjusting your income and ensuring you're maximising any opportunities that may arise if legislation changes.

If you want to retire early and would benefit from experienced advice and support to ensure you can generate a sustainable income for the duration of your retirement, please get in touch.



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Please note: This guide is for general information only and does not constitute advice.

The information is aimed at retail clients only.

All information is correct at the time of writing (April 2026) and is subject to change in the future.

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