

**In September 2014 Aviva held some retirement seminars with consumers to discuss the retirement changes announced in this year's budget. At the time, it also analysed the views of the over-55s as expressed in its latest Real Retirement Report.**

**Aviva's John Lawson discusses the seminars and the research findings.**

We are holding a seminar for people approaching retirement this is in connection with the changes happening to pensions in April next year. So there's going to be a lot more options for people approaching retirement, they will be able to take their pension fund as cash for example. Now these changes have a lot of risks attached to them but they also have a lot of opportunities so it's important that people understand what the changes mean for them.

**What do the over-55s think about the freedom and choice changes?**

Aviva's research shows that people have a really high understanding, eight out of ten people understand that these changes are about to happen in April next year, they don't necessarily understand the detail but they understand that change is about to happen. However, worryingly over half of the over-55s interviewed don't think those changes will affect them.

**Why should the freedom and choice changes matter to everyone?**

The changes are quite fundamental to the way pensions work, there's a lot of new choice coming which will effect the tax choices you take and you could actually end up paying a lot more tax if you take the wrong choices. Equally you could run out of money if you take your pension too quickly and have to rely on state benefits in later retirement. So there's big questions for people about the choices they make both in the run up to retirement and at retirement coming out of these changes and it's important that people understand those choices before they make them.

**What are the challenges affecting retirees from April next year?**

I think some of the greatest challenges are the fact that most people have not saved enough for retirement. So, although we have these wide ranging changes coming in from April 2015 people just won't have a huge amount of choice because they've not saved enough. Therefore people need to understand to make full use of those choices they need to save in advance of retirement. When they get to make those choices some of the big dangers are making the right choice from a tax point of view, making sure you choose the right options in terms of taking things like your tax free lump sum and also making sure you take the right option in terms of investment risk that is suitable for you that you are comfortable with.

**What has been the response from Aviva's retirement seminars?**

People have been really quite engaged during these seminars, because there is a high awareness of the changes people are keen to find out what those changes are, what those changes mean for them and whether they can pick up any hints or tips. Because I think people really just want to know what the pitfalls are so they can avoid doing the worst thing with their money at retirement.

**What is Aviva's guidance to consumers planning for retirement?**

I always have a number of variations of guidance for people retiring next year. The first and most important step is to budget, so you need to know what you are going to spend in retirement as a first step. Your retirement spending will be different from your pre-retirement spending so work out your budget carefully first.

Secondly, work out how long your money is likely to last and that means looking at your own life expectancy. Then think about the risk that you are prepared to take with your money, can you afford to take risk, it depends how much money you have saved up and whether that covers your likely expenditure and therefore look at all the choices between income drawdown, taking it out as cash, or buying an annuity. To be honest, for most people the choice will be mixture of those things.