

CALCULATOR GUIDE

HOW MUCH WILL YOUR CLIENT NEED IN RETIREMENT?



A key part of identifying your client's personal retirement solution is taking stock of what income they'll have in the future – and comparing this against what they expect to spend.

There are different types of spending. **Essential spending**, also known as Personal Minimum Income Requirement (PMIR), includes money spent on:

- repayment of debts,
- food,
- housing, and
- travel.

Then there are **additional items** that'll help make your client's retirement more enjoyable, such as:

- holidays,
- trips out, and
- hobbies.

As their adviser, you'll take your client through all their options. That's where we can help. **Our retirement budget planner** allows you to easily capture key information about your client's income and expenditure. It'll also highlight where shortfalls, pinch points and opportunities may arise. You can use it to encourage clients to think about all of their options.

The 2017 Joseph Rowntree Foundation Minimum Income Standard report estimated that the minimum essential income required (including rent) for a couple in retirement could be over £18,717 each year.

How do I start?

After entering your client's age and current health, you can quickly and easily add details of their income and expenditure. This'll help identify essential expenses and what their estimated surplus or shortfall will be.

RETIREMENT BUDGET CALCULATOR

Our retirement budget calculator will help you to understand your income sources and expenditure throughout retirement, thereby identifying any shortfall in your income requirements.

Start

High

You're currently spending around £20,000 a year, not including your rent or mortgage payments.

Select

Average

You're currently spending around £15,000 a year, not including your rent or mortgage payments.

Select

Low

You're currently spending around £10,000 a year, not including your rent or mortgage payments.

Select

Custom

Build your retirement expenditure plan by entering your income and expenditure.

Select

What information will I need?

You'll need to ask your client to give you details of all their income sources and likely outgoings. This should include details of pension funds and investments as well as how much they spend on utilities, fuel and food. You also need to find out if they think this is likely to change when they retire.

Your retirement budget simulation

Step one - enter your details

Enter your age

Current health Good Average Poor

Step two - add your income sources

Your income [Edit](#)

Step three - add or amend your costs

Total costs [Edit](#)

Of which, it is estimated the essential costs are

non-essential costs are estimated as

Step four - show surplus or shortfall

Show at age

Your income is equal to your essential costs

Find our retirement budget planner at justadviser.com/calculators/

What will the tool show you?

The **retirement budget planner** takes the information you enter – including a broad idea of your client’s health – and creates a graph that shows their:

- income;
- essential expenditure; and
- other expenditure.

In the background, it’ll show the probability that the client will live to a certain age. This will serve as an indicator of how long they’ll need their retirement income for. It’ll also highlight the uncertainty around predicting life expectancy. You’ll be able to print and save the output from this tool to add it to your file as part of your audit trail for your client.

Why not ask your client to work out their income and expenditure before they meet with you? As well as saving time, it’ll allow you both to focus on what they need most from you in the meeting – your advice.

What next?

By comparing your client’s expected income against expenditure, you can identify any shortfalls. You can then start to explore how best to reduce these.

If they have an income that’ll be greater than their likely expenditure, it might be that they have some capacity for loss. In this case, part of the recommendation could include an investment solution that creates a ‘rainy day’ savings pot, for extra flexibility.

You can follow this up with a more detailed look at your client’s life expectancy. Try our **Longevity Calculator** to find out the probability of your client living to a certain age.

If your client is thinking about making a taxable withdrawal, help them understand the full implications with our **Personal Taxation Tool**[†]. This free and easy-to-use tool shows the likely tax bill paid on any withdrawal. You can find it on [justadviser.com/calculators/](https://www.justadviser.com/calculators/)

[†] Our calculator is based on UK tax rates excluding Scotland.

FOR MORE INFORMATION

Call: **0345 302 2287**

Lines are open Monday to Friday, 8.30am to 5.30pm

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Or visit our website for further information: [justadviser.com](https://www.justadviser.com)

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