

More people choosing semi-retirement for a variety of reasons

Two in five over-55s plan to gradually phase out working life before State Pension age

Semi-retirement is an option to consider for individuals who may not be ready to fully retire, but still wish to reduce their work hours and gradually phase out working life. By choosing to semi-retire, you can maintain a good work-life balance while still earning an income.

Many people choose to semi-retire as it allows them to enjoy their hobbies, travel and spend more time with their loved ones. This option also provides a smooth transition into retirement, enabling you to adjust and focus on what truly matters in life.

CHANGING ATTITUDES TOWARDS EMPLOYMENT

A recent study has identified that more than two in five (44%) 55-64-year-olds plan to move into 'semi-retirement' before they reach 65, allowing them to draw on their pension savings while continuing to work part-time^[1].

The study investigated changing attitudes towards employment and retirement as a result of the Covid-19 outbreak. The findings highlighted people's

shifting emotional and financial wellbeing as they deal with post-pandemic job insecurity.

CONTINUING TO WORK THROUGH RETIREMENT

More than nine in ten (91%) people said they were 'much happier' after reducing their working hours, implying that semi- or partial retirement – 'part-tirement' – could be the solution for more than half (55%) of workers who like the idea of continuing to work through retirement, giving them freedom in later life while remaining part of the workforce.

Retirement can account for up to a third of an individual's life as life expectancy continues to rise and more individuals than ever are surviving to age 100 and beyond. Recent changes in government

policy, such as the increase in the State Pension age to 67 in 2028, have caused people of all ages to reconsider their plans for work and retirement.

FLEXIBLE STRATEGY TO WORKING LATER IN LIFE

Over three-quarters of 18-34-year-olds, or 59%, say they intend to semi-retire before the age of 65, rising to 61% of those aged 35-44. The findings show that longer working lives are prompting younger people to consider a flexible strategy to working later in life in order to keep their career.

According to recent ONS data, 48,000 over-50s have lately returned to the workforce, as Chancellor Jeremy Hunt encourages people who have retired or are considering retirement to pursue part-time



or full-time work to help alleviate some of the UK's labour shortage challenges.

HELP IMPROVE MENTAL AND PHYSICAL HEALTH

But the study indicates that people prefer to work past the age of retirement, implying that the UK's workplace participation problems would not just be solved by encouraging people to return to work. Four in five, or 80%, of those over the age of 65 said they enjoyed the notion of working into retirement, with at least two in five, or 41%, of other age groups, agreeing.

Continuing to work can help improve mental and physical health, which informs overall wellbeing, and it can also keep loneliness and isolation at bay. The urge to retire early is frequently motivated by persons seeking more independence while being physically strong and healthy enough to enjoy it.

SEMI-RETIREMENT CAN BE A WIN-WIN SITUATION

The study shows that semi-retirement can be a win-win situation for both employers and employees, as companies gain from preserving the skills and knowledge of skilled workers in the workforce, while workers can make decisions about maintaining a healthy lifestyle and income in retirement.

In a climate where longer working lives are becoming the norm, semi-retirement is a chance to experience the 'best of both', which can benefit both employees and employers. Retaining connection to the workplace is an appealing option for many people who are still working towards their financial goals or are simply not ready to stop working.

MAKE A BIG, POSITIVE DIFFERENCE IN THE LONG TERM

It also provides an opportunity for employers to continue to harness the knowledge and expertise of more experienced staff for longer.

As people live longer, investing time in ourselves and considering every option available in later life is the best way to ensure we have the retirement we aspire to. Starting to think and plan further ahead is a small step that can make a big, positive difference in the long term.

The study clearly identifies that semi-retirement looks set to continue to be a popular option for many retirees, and for good reason. Whether you choose to work part-time for financial reasons or simply because you enjoy it, semi-retirement can be a great option for anyone looking to make the most of their retirement years. ■

WILL YOU ENJOY FINANCIAL STABILITY DURING YOUR GOLDEN YEARS?

Planning and saving for retirement is essential if you want to enjoy financial stability during your golden years. It's important to start early to take advantage of compound interest and give yourself the largest possible nest egg. To discuss your retirement plans, please contact us for more information.

Source data:

[1] Research among 2,000 UK employees working in organisations with over 1,000 employees was conducted independently on behalf of Aviva by Quadrangle in February 2020, August 2020, March 2021 and June 2022. Not all figures add up to 100% as figures have been rounded throughout the report.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.