

Hoping for a comfortable retirement? Why investing matters

Women and investing



Your 30s and 40s often mean balancing work and potentially a family, leaving little time for financial planning.

By the time you hit your 50s, you may have earned yourself a little space for reflection. While it's tempting to use that in, say, a spa, taking time to plan your later life can also be time well spent.

In our research report **Understanding women's relationship with investing**, 86% of women highlighted having a comfortable retirement as a long-term goal. For many, supporting children and leaving a legacy mattered too.

The good news? A greater proportion of over 50s than any other age group reported already investing for their future. That's on top of any workplace pension they might have. What if that doesn't yet include you? While starting young is undoubtedly an advantage, you still have time in your 50s to build the kind of life you aspire to.

Cash versus investing

Where you put your money for the future can matter almost as much as how much you save. Even more so than in your 30s and 40s. When you're in your 50s you need your money to grow at least in line with the cost of living. That means holding large amounts in cash is generally not advised.

Cash is useful for short-term savings and to provide a financial cushion in case of an emergency. But it's a risky option for all your savings. While savings rates have risen, they aren't keeping up with rising prices. That means your cash savings are likely losing value in real terms over time.

Investing in the stock market could give your money a chance of keeping up with or outpacing rising prices. But there can be ups and downs along the way. There's always also the risk you won't get back as much as you put in.

To save, or to invest?

Analysis by McKinsey shows that despite short-term market movements, since 1800 stock markets have consistently returned between 6.5% and 7% per year¹.

As long as you have five years or more to invest, investing can help with achieving your retirement goals. That's compared with saving alone. But remember, past performance is not a guide to future performance.

Why not compare potential returns on savings and investments over different periods of time? Go to [santander.co.uk](https://www.santander.co.uk) and search for savings and investments calculator.

Things to think about when investing

How you invest needs to match your long-term goals. For example, do you need an income from your investments?

This may be relevant if you don't plan to turn your pension into a regular income (an annuity). If yes, you can find investment funds for your money with the objective of paying you an income without eating into your capital.

Online and in-person support

There are plenty of online tools that can help you work out how much risk you're willing and able to take. They can help to assess whether investing and what type of investment might be right for you. Santander's Digital Investment Adviser is just one example.

While investing can help you achieve your goals, you don't want to lie awake worrying about every dip in the stock market. Finding a balance is key.

If you'd like to find out more generally about managing your investments online, go to [santander.co.uk](https://www.santander.co.uk). Search for Investment Hub. And if you'd prefer to work with a financial expert? Speak to us about booking a free appointment with one of our financial advisers.

¹ McKinsey & Company **Markets will be markets: An analysis of long-term returns from the S&P 500.**

Your 50s can be a good time to get started with some extra investing. It can also be a good moment to think about consolidating your pension pots. Most people will have had multiple jobs, or periods of running a business. This can leave pensions all over the place. If you've lost track, you can find who looks after your pensions by visiting [gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details).

The next step is to contact the pension companies and understand more about what you have. Combining your pensions can be worthwhile, as it means your approach to investing can potentially be more joined-up. It's a good idea to take advice before you do this. Pensions can be complicated and some types are better left where they are.

Providing for the next generation

Once you've got yourself sorted, you can also look to investing to support children in their young adult life. Helping them to invest through a Lifetime ISA, or LISA, when they are 18 or over may be an option here.

The annual limit for a LISA is £4,000 and the government will top that up by £1,000. You can potentially gift money for children or grandchildren to put into their LISA. Perhaps to fund a deposit on their first home or start building a retirement fund of their own.

For more on LISAs, visit [gov.uk](https://www.gov.uk) and search for Lifetime ISA. Making gifts can have tax implications, so it's vital to look into these first.

Good retirement planning can also help you in leaving a legacy. For example, it may be possible to earmark a specific pot of money as a legacy. This could be invested for the much longer-term to maximise its potential value to recipients. If you need it in the interim, you could still have access.

Did you know that money held in a pension doesn't usually count as part of your estate for inheritance tax? If that's of interest to you, you should get tax advice to check your personal situation. You can fill in what's called an 'expression of wishes' form. This will explain who you would prefer the money to go to on your death.

Could you benefit from a financial makeover?

Booking a one-off financial planning session can help set you on the right track. The sooner you get started the better. That way you can make a head start towards building a comfortable retirement and supporting those you love.

Explore more

Do you want to learn more about investing? Get inspired by other women's stories through our women and investing series. Including many articles, and our research report, **Understanding women's relationship with investing**.

If you're ready to think about investing, visit [santander.co.uk](https://www.santander.co.uk) and search Investment advice, to see how we can help you.