



PEGASUS
HOMES



Planning your dream retirement

The Pegasus guide to financial planning in retirement

Can your dream retirement be a reality?

Moving home, whatever your age, is a big decision, but it is even more important in retirement to ensure that your next move is the right move.

There are practical aspects to consider, such as the location and the number of bedrooms you require. Lifestyle aspects such as proximity to family and friends, local amenities and transport links. And of course, financial aspects are a huge factor in deciding the next move.



Financial planning in retirement

Whether you choose to rent or purchase your new home, there are ways to save money, generate income and benefit your loved ones without incurring costly taxes.

Pegasus Homes are not authorised to give financial advice and recommend that you seek your own independent guidance, however there are some key aspects to consider before making a decision on your next move.

→ What do you want to achieve with your finances?

- Do you want to gift inheritance to your family or friends?
- Do you want to invest and generate an income?
- Do you want to put any money aside for future needs?

→ What sort of lifestyle do you want to enjoy?

- Do you like to travel?
- How many holidays do you want to go on?
- What should your monthly allowance be?

→ Are you in good health?

Life expectancy in England is 78.8 years for men and 82.8 years for women (Office for National Statistics, January 2024). When planning your finances, you could benchmark against these averages and increase or decrease your forecasts depending on your health.

→ Are you married?

- Different taxes apply to single people and married couples.
- If your partner dies or goes into care, can you afford to live comfortably on your own?
- What are the tax implications if you inherit a pension?

With so many different questions to consider and so many options that are unique to each individual, it could make sense to seek independent financial advice to help navigate the complexities of financial planning in retirement.

Example case studies

Pegasus Homes sought the advice of Fidelius, an independent, top rated wealth management company, to provide illustrative guidance on three example customers.

These examples are only intended to provide guidance and should not be relied upon for your own financial decisions.

Property A

Available to purchase
Purchase price: £600,000
Monthly service charge: £780
Service charge annual increase: 6%

Property B

Available to rent
Monthly rental price: £3,500
Service charge: included in rent
Annual RPI increase: 6%

Mrs Pegasus



Age: 76
Status: Widowed
House sale price: £650,000
Mortgage left to pay: 0
Children: 2
Gift amount: £50,000 each
Monthly private pension: £850
Husbands pension: £450
Weekly state pension: £221.20
Savings: £35,000

Objectives:

Now widowed, Mrs Pegasus wants a fresh start and doesn't want to carry on maintaining her three bedroom family home. She wants to gift her two daughters some money now before having to pay out inheritance tax, but is concerned about the future and wants to put some money aside for if she ever needs to go into care. That said, she is intent on living her life to the full and wants to see the enjoyment that her gift can bring to her daughters and grandchildren.

Mr and Mrs Homes



Age: 83 & 74
Status: Married
House sale price: £900,000
Mortgage left to pay: 0
Children: 3
Gift amount: £100,000 each
Monthly private pension: £1,600 (Mr Homes), £600 (Mrs Homes)
Weekly state pension: £442.40
Savings: £125,000

Objectives:

Both are currently in good health, but Mr Homes wants to ensure his wife is looked after should his health deteriorate and / or he passes away before her. He has a good pension and they have savings. They have three children and want to gift them as much money as possible without paying inheritance taxes. They both still enjoy travelling and enjoy the finer things in life, with regular trips to the theatre and are both members of the local golf club. They want to invest their capital to generate income rather than leaving it in a savings account.

Ms Joyful



Age: 82
Status: Divorced
House sale price: £550,000
Mortgage left to pay: 0
Children: 0
Gift amount: 0
Monthly private pension: £1,300
Weekly state pension: £221.20
Savings: £75,000

Objectives:

Ms Joyful is in good health and loves to travel to exotic places as often as possible. She volunteers with several local charities and would like to gift some money in her will to these charities. She doesn't have children and so wants to ensure that she has a nest egg in place should her needs change and she requires care and additional support.

What Fidelius say:

“ We always start the process by asking our customers what their objectives are for their finances. This directs the routes we take to ensure that we are making the right decisions for what they want to achieve.

For example, some may want to gift money to family now to mitigate inheritance taxes, others want to generate a monthly income from their investments, others may want to secure a nest egg for future needs. If we know what our customers want we can give them the best advice.”

fidelius.

The Advice

The following case studies are fictional and provided for illustrative purposes only. They are not based on real individuals and should not be considered financial advice or a recommendation. Every client's circumstances, objectives, risk tolerance and financial needs are different, and advice will only be provided following a full and personalised financial planning process.

Investments can go down as well as up, and past performance is not a reliable indicator of future performance. You should seek advice from a qualified financial adviser before making any financial decisions.

The information given in this document has been condensed substantially more so than what would be included in a formal report from Fidelius or any other IFA.

CASE STUDY 01 – Mrs Pegasus



Initial advice:

After selling her home, if Mrs Pegasus wanted to purchase a Pegasus property at £600,000 and achieve her goal of gifting £100,000 to her two children (£50,000 each), she would not have enough remaining capital to do both. The purchase would leave her with very limited liquidity and no surplus to cover unforeseen costs or to comfortably enjoy her retirement.

Given her life expectancy of at least another 13 years, this lack of cash reserves would pose a risk to her financial security. While she has a reasonable pension income and some savings, it would not provide a large enough buffer to protect her from future needs or rising costs.

We recommend that Mrs Pegasus **rents Property B** and does the following:

- Uses her monthly pension income of £1,805 (State Pension £221.20 p.w. plus £850 net per month private pension) to contribute towards the rent and her general cost of living, with the balance to overall expenditure topped up from the proceeds of her home sale.
- Even after making gifts to her children, the remaining capital gives her enough to fund rent payments that increase by 6% p.a. for the rest of her life expectancy.
- Gifts her two children £50,000 each (£100,000 total) now, which also helps mitigate the amount of inheritance tax that could be due on her estate after seven years.
- Invests the remaining capital into a balanced investment portfolio (aligned to her balanced 5/10 risk profile) to target average growth of around 4.5% p.a. net of charges, which could provide her with additional income or preserve her estate value.

This strategy provides Mrs Pegasus with:

- ♥ The ability to make meaningful gifts to her children now
- 🛒 Flexibility and access to cash over her retirement
- 🏠 Reduced financial pressure compared to purchasing, which ties up capital in property
- ☕ A more comfortable and sustainable financial outlook over her expected lifetime

CASE STUDY 02 –
Mr and Mrs Homes



Initial advice:

After selling their home for £900,000 and paying selling fees, Mr. & Mrs. Homes have around £1,011,500 available (including their savings). If they wanted to purchase a Pegasus property at £600,000 and gift £300,000 to their three children now, they would still have around £86,500 left in liquid cash.

While this sounds reasonable at first glance, given both are in their 80s with a life expectancy of at least another 7–10 years, this amount may not leave enough of a buffer to cover rising costs, unexpected expenses, or healthcare needs later in life. Even with their combined pension income, this limited liquidity could restrict flexibility and reduce financial security.

We recommend that Mr & Mrs. Homes **purchase Property A** and do the following:

- Use their combined monthly pension income (State Pensions of £221.20 p.w. each plus Mr. Homes’ £1,600 and Mrs. Homes’ £600 net private pensions) to cover day-to-day living costs and ongoing Pegasus service charges, which are significantly lower than rental payments.
- Gift £325,000 between their three children now to help reduce the size of their taxable estate and potentially mitigate inheritance tax after seven years.
- Invest the remaining capital (after property purchase and gifts) into a balanced investment portfolio aligned with their balanced 5/10 risk profile, targeting an average annual growth of around 4.5% p.a. net of fees. This investment could produce additional income or preserve capital value over their lifetimes.

This approach provides Mr. & Mrs. Homes with:

- 🏠 The security of owning their home and benefiting from potential property value growth over time
- 💷 Lower ongoing monthly costs compared to renting, leaving more of their pension income available for other uses
- 💖 The ability to gift a meaningful amount to their children
- 🛡️ Retaining some liquidity and flexibility to meet future needs



The forecasts also suggest that by purchasing their property, Mr. & Mrs. Homes would likely leave a larger estate for their beneficiaries at the end of their lives, even after making the planned gifts.

CASE STUDY 03 –
Ms Joyful



Initial advice:

After selling her home for £550,000 and paying selling fees, Ms. Joyful has around £541,750 in available capital. Her goal was to purchase a Pegasus property valued at £600,000 to maintain a certain standard of living. However, based on her current funds and age (82), purchasing a property at this price would require borrowing — which isn’t appropriate at her stage of life. Instead, the advice was to consider buying more affordable property for £400,000.

Even then, after paying the purchase price and associated fees, she would have around £126,750 remaining, which might not be enough to comfortably cover rising living costs, unexpected expenses, and still enjoy her retirement years (with a life expectancy of at least another 9 years).

We recommend that Ms. Joyful **rents Property B** and does the following:

- Uses her monthly pension income of around £1,705 (State Pension £221.20 p.w. Plus £1,200 net per month private pension) towards paying the rent (estimated at £3,500 per month, increasing annually by 6%), with the shortfall topped up from her available capital.
- Even allowing for rental increases, the remaining funds could support this strategy over her expected lifetime.
- Liquidity to adapt to changing circumstances or fund future care'
- Invests the balance of capital into a balanced investment portfolio (aligned with her balanced 5/10 risk profile) aiming for average growth of around 4.5% p.a. net of fees, providing potential additional income or helping to preserve the estate value.

This approach provides Ms. Joyful with:

- 💷 Flexibility to live in a larger or higher-value rental property (potentially equivalent to a £600,000 home) without needing to take on debt
- 🛡️ Liquidity to adapt to changing circumstances or fund future care
- 🌱 The opportunity to grow or protect her estate through investment
- 🏠 Avoids the risks and costs tied to property ownership, while maintaining her desired lifestyle
- 👤 Retains flexibility by keeping her capital liquid rather than tying it up in property ownership, ensuring she has funds available for unexpected costs or care needs.



Though purchasing a smaller property might offer slightly higher projected legacy value, renting aligns better with her wish for flexibility and the reality of her financial position, especially as she could enjoy a larger, higher-value property without taking on borrowing.

Tips for finding an independent financial adviser

✓ Recommended

Seek recommendations from trusted friends or family, or visit www.vouchedfor.co.uk or www.unbiased.co.uk to find the top rated individual advisers and companies in the UK.

✓ Regulated

Always check that who you decide to work with is authorised and regulated by the Financial Conduct Authority. You can check if a company is authorised on the FCA website, using their FCA reference number.

✓ Qualified

Those over 60 should ensure their IFA holds a long term care certification. This gives you assurance they can advise on long-term care planning in the UK, including the roles of the NHS and local authorities, long-term care insurance, and financial assistance options.

✓ Incentivised

Check how the IFA receives payment. Some work on a fee basis, others receive a commission from the investment or take a percentage from the amount invested. Choose a structure that you are comfortable with and that can guarantee truly independent advice.

The people, scenarios and advice given in this document are entirely fictitious, and the information provided should not be used as a basis to make any decisions. The information is intended to demonstrate the different options available to people and to suggest whether renting or purchasing a home would be beneficial in each of these specific examples.

We strongly recommend independent financial advice is taken ahead of any decisions to purchase or rent a property in retirement.



Many IFA's offer a complementary exploratory call to give an idea of what you could expect from their advice and how much it would cost you. Always take up the free service to see if an IFA is right for you before parting with any money.

Speak to the experts

Pegasus Homes has partnered with the following firms that can offer customers independent financial advice. We do not receive any commission or benefits from these recommendations, we simply want to ensure our customers have sound and comprehensive advice before making any decisions.

Whilst every care has been taken to research and recommend these companies, any advice that you take is at your own risk and Pegasus Homes cannot be held responsible for any outcomes that may arise from seeking their advice. Make sure you mention 'Pegasus Homes' when you make contact.

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atomos

wealth & financial wellbeing

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