Serendipity.

I think it’s a lovely word and I experienced it this week. I was delivering a retirement course and was discussing health with the attendees. What's that got to do with money or serendipity you might ask well let me explain.

When making financial decisions about retirement, whether or not to take cash out of a pension fund or what level of income you need etc, it would be good to have an idea about how long you will live. The longer you live, or expect to live, the more you must consider your increasing bills etc i.e. the more attention you should pay to inflation.

We clearly can never know "how long we have got" but research shows that a male living in Essex in 1900 would more than likely have been an agriculture worker with an average life expectancy of 45 years. Today three out of every five 60 year old men will live to age 85 and its 87 for ladies. It's also rapidly getting even longer; you may have read recently about successful treatments for various forms of cancer as an example.

Knowing then that you will probably need income from your capital and pension funds for a very long time, this should then influence your decisions on how you invest and how much you spend now. Is it really a good idea to "blow" your hard earned funds on new cars and first class travel perhaps and then struggle to make ends meet for the next twenty years or more?

The subject caused quite a debate and various arguments were put forward which really had me thinking hard discussing points like the State will provide, I might die young and many others.

These days if your pension funds are a reasonable size you may have to get your IFA to "sign off" any action you wish to take. This is because the government and the regulator wants you to use the new pension freedoms to your best advantage, and not make any decision without having fully considered all its ramifications or the alternatives.

Your IFA should know all there is to know about you, your financial situation and your objectives and can therefore advise you on your best course of action. If after having all the risks explained to you and put in writing you still wish to proceed against their advice you can but it is now going to be your responsibility. There will be no redress against the IFA or your pension provider.

On returning to the office I was asked to speak to a 56 year old client who wanted a large cash sum and a very high income from her pension fund. This would run her fund down to nothing very quickly indeed.

Having spent a good chunk of the previous day discussing just this subject I was well practiced in explaining the situation and helping her understand what was best for her future. We agreed on drawing a very modest lump sum now and a level of income which should be able to increase as time passes.

Quite serendipitous really!