



Your retirement starts with a plan

A six-page guide and worksheet, plus a four-page ETF research appendix. Use today's pounds unless a field says otherwise. Print it and fill it in at your own pace.

01 / Picture the life you want

My target retirement age: _____ My current age: _____

The three things I most want from retirement:

02 / Gather what you have today

Asset or debt	Provider / notes	Current value (£)
Pension pots (defined contribution)		
Savings and cash		
ISAs and other investments		
Property you may use to fund retirement		
Mortgage and other debts		

Keep any defined-benefit pension (a promised income, such as a final-salary pension) on the income worksheet on page 3. Do not treat its transfer value as available cash. Your home is not spending money unless you plan to sell, downsize or otherwise release equity.

Your first task: Find your latest pension statements and note their dates. Keep account numbers and passwords out of this worksheet.

Explore your current position: [Your Fortune - net worth calculator](#)

Important information: This pack is for general education and information only. It is not personal financial, investment or tax advice. Fund examples are not recommendations or endorsements and may not suit your circumstances. Investments and income can fall as well as rise; you could get back less than you invest. Illustrations and calculator results are not guarantees. Tax treatment depends on individual circumstances and rules can change. Consider advice from an FCA-authorised financial adviser before making personal decisions.



What might retirement cost?

Write the monthly spending you expect in today's money. These are after-tax spending amounts, not gross pension income.

Monthly spending	Essential (£)	Flexible (£)
Housing: rent / mortgage / service charges		
Council tax, energy, water and internet		
Food and household shopping		
Transport and car running costs		
Insurance, health and personal care		
Holidays, hobbies and eating out		
Family support, gifts and other costs		
Occasional expenses: annual total ÷ 12		
TOTAL MONTHLY SPENDING		

Remember the occasional costs. A £1,200 annual holiday needs £100 a month in your budget. Also allow for home repairs, replacing a car and unexpected bills. Keep an emergency reserve separate from routine spending.

My total monthly spending target: £_____

My annual spending target (monthly total × 12): £_____

Retirement costs differ by household, housing situation and lifestyle. Revisit the budget when circumstances or prices change.



Where will your income come from?

Record expected yearly income in today's money, before tax. Some sources may start later than your retirement date.

Income source	Annual gross (£)	Starts at age
State Pension		
Defined-benefit / final-salary pension		
Annuity or other guaranteed pension income		
Rent after property expenses, before tax		
Part-time work or other income		
TOTAL (when all sources have started)		

Check your State Pension

Use your own forecast rather than assuming you will receive the full amount. Check the age at which it starts, too. Record the forecast date and whether more qualifying years are needed.

[Get your State Pension forecast](#) | [Check your State Pension age](#)

Forecast checked on: _____ Weekly forecast: £_____

Convert a weekly figure to annual using $\times 52$; divide the annual amount by 12 for a monthly average. A four-weekly payment is not a calendar month.

Mind the gap before State Pension starts. Retiring at 60 does not mean State Pension starts at 60. Work out your income separately for the years before and after each pension begins.

Do not include withdrawals from your savings or investment pots as an independent income source here - those are what cover the remaining gap.



How much must your savings provide?

Compare spending with income on the same tax basis. The website pension projections show income before tax.

A simple spending-gap example

Monthly amounts in today's money	Illustration
Spending needed after tax	£2,500
Other income available after tax	£1,500
Gap your savings must cover	£1,000
Annual gap (£1,000 × 12)	£12,000

If withdrawals are taxable, you may need to take more than £12,000 gross to receive £12,000 after tax. Tax depends on your income and how money is withdrawn. Do not put an after-tax spending target into a before-tax calculator without allowing for this.

The 4% rule: a starting illustration

The traditional idea is to withdraw 4% of the starting portfolio in year one, then increase that cash amount with inflation each year. It is not 4% of the changing pot every year. It comes from historical US research into roughly 30-year retirements, not a promise about your future.

Illustration: £12,000 gross annual withdrawals ÷ 0.04 = **£300,000** starting portfolio. This is arithmetic, not a required pot or a safe-income guarantee. It does not mean £12,000 after tax.

What can change the outcome?

A longer retirement, fees, inflation and investment losses can all reduce what your pot supports. Losses early in retirement are especially difficult when you are also selling investments to pay bills. Test lower returns, higher spending and market falls; review withdrawals regularly.

My estimated annual gap, after tax: £ _____

[Explore the retirement calculator](#) | [MoneyHelper: investing in retirement](#)



One pension. Two buckets.

Updated 26 September 2026. These are the website planner's illustrative rules, not a universal retirement strategy.



01 / CASH

Income reserve



02 / GROWTH

Longer-term investments

Size Cash in years of income

The default is **three years**, editable in the planner. With immediate retirement, a £500,000 pension and £4,000 monthly gross target, Cash starts at **£144,000** and Growth at **£356,000**, before State Pension and with zero inflation.

The reserve allows for inflation. Only from State Pension start age does that pension reduce the reserve target: £12,000 yearly State Pension makes this example's three-year target £108,000. Other savings do not reduce the reserve target.

Spending and annual rebalancing

State Pension offsets the income target first. Separate Other savings pay next. In normal positive Growth years, surplus Cash helps pay spending before Growth. At each retirement year-end, excess Cash moves to Growth; Growth tops up a Cash shortfall when permitted and funds allow.

Optional seven-year cycle

Cycle years	Growth return	Pension withdrawals
1-5	Your normal assumption	Normally Growth, after surplus Cash
6 / crash	-30%	Cash only
7 / recovery	+3%	Cash only

Repeat in year 8, counting from current age. In years 6-7, Growth withdrawals and Growth-funded refills pause. Insufficient Cash is flagged as a shortfall, even if Growth remains. Returns are applied monthly; additional fees still apply. Cash keeps its own return. A +3% year does not undo a 30% loss.

Other savings arrive once at the selected age, earn their own growth assumption and are spent before the pension. They are not a third pension bucket. Real markets do not follow a known cycle; test different assumptions.

[Open the Pension Bucket Planner](#)



Research carefully. Review your plan.

Examples are starting points for research, not recommendations. Confirm the exact share class, current documents and availability with your platform, including Hargreaves Lansdown.

BUCKET 1 / Cash and cash-like holdings

Cash held in the pension is one option. CSH2 (Amundi Smart Overnight Return GBP Hedged Acc) is an ETF example to research. Royal London Short Term Money Market and Legal & General Cash are money-market fund examples, **not index funds**. Fund values and returns are not guaranteed; check settlement times, charges and risks.

BUCKET 2 / Long-term Growth holdings

VUSA (Vanguard S&P 500, distributing) is a US equity ETF example. Index-fund examples include Vanguard FTSE Global All Cap Index, HSBC FTSE All-World Index and Fidelity Index World. Check geographic coverage: Fidelity Index World covers developed markets; broader global funds may include emerging markets. Overlapping funds can duplicate holdings.

What about bonds?

IGLS and VAGP are bond ETF examples from the earlier three-bucket guide. They are not a separate bucket in the current planner and should not automatically be treated as Cash. Bond funds can fall in value. If using them in a mixed portfolio, choose return assumptions that reflect the actual holdings rather than assuming every asset earns the same rate.

Monthly tax-free pension withdrawals

The planner can illustrate 25% of eligible pension withdrawals as tax-free, limited by the remaining standard £268,275 allowance across pensions. Enter allowance already used and the remaining pension's eligibility. Mixed crystallised pensions and protected allowances need separate assessment. The age summary shows monthly averages, take-home estimates and remaining tax-free cash; investment growth can change that cash estimate. State Pension is taxable.

Before selecting a fund

Read the KID/KIID and factsheet. Check holdings, bond duration and credit risk, currency hedging, fund and platform fees, dealing costs and settlement times. Income/distributing units pay income out; accumulating units reinvest it. Neither guarantees a return.

Your next-step checklist

- ☐ Gather statements; check charges and pension beneficiaries.
- ☐ Get your State Pension forecast and confirm start ages.
- ☐ Complete your spending and income worksheets.
- ☐ Try the planner, test setbacks and set an annual review date.



[Open the Pension Bucket Planner](#)

Scan the QR code or use the clickable links. personal-fortune.com | [@personalfortune](https://twitter.com/personalfortune)

Personal Fortune is not affiliated with Hargreaves Lansdown or the fund providers. For guidance, visit [MoneyHelper](#). Consider regulated financial advice for personal investment or withdrawal decisions.



ETF research / 1 of 4

Checked 26 September 2026 against issuer material. Educational examples, not personal recommendations. No live prices or yields are maintained.

Cash-like examples for Bucket 1

CSH2 / Amundi Smart Overnight Return UCITS ETF GBP Hedged Acc

CSH2 seeks a cash-like return linked to sterling overnight interest rates. It uses a synthetic investment structure and accumulates returns within the fund rather than paying regular cash distributions. Its potential role is money awaiting near-term use, rather than the long-term equity exposure of Bucket 2.

Its return changes as short-term rates change; it is not a fixed savings rate. Review swap-counterparty and collateral arrangements, fund charges, bid-offer spreads and the time needed to sell and withdraw proceeds. Accumulation does not prevent losses or make the investment equivalent to a protected cash deposit.

Cash-like examples for Bucket 1

XSTR / Xtrackers II GBP Overnight Rate Swap UCITS ETF 1D

XSTR provides exposure to sterling overnight rates through a swap-based structure. The 1D share class distributes income, so its share price alone does not describe the total return. It is a cash-like research example for a reserve, with a different income treatment from accumulating CSH2.

Review the current benchmark, distribution timetable, swap counterparties and costs. Cash distributions need to be included when comparing performance, and are not guaranteed to match monthly spending. Changing interest rates alter the return available; spreads and settlement can matter when selling small amounts frequently.

Before buying: Read the current KID/KIID, factsheet and prospectus. Confirm the exact share class and availability with your platform. Compare fund and platform charges, dealing costs, spreads and settlement times. Investments can lose value.

Source material: Amundi, DWS Xtrackers, iShares and Vanguard issuer factsheets and product information. The planner models bucket-level assumptions, not individual ETF performance.



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Bond funds: a defensive component, not cash

IGLS / iShares UK Gilts 0-5yr UCITS ETF

IGLS holds short-dated UK government bonds and distributes income. Shorter maturities generally reduce interest-rate sensitivity compared with longer-dated gilt portfolios. Its potential purpose is defensive bond exposure, with a different risk profile from global shares or overnight-rate funds.

Its price can still fall when yields rise, and government backing of the underlying gilts does not guarantee the ETF's sale price. The portfolio rolls its holdings: there is no single maturity date when your original ETF purchase price is returned. Check duration, yield definitions and distributions rather than assuming the quoted yield is a guaranteed annual gain.

Bond funds: a defensive component, not cash

VAGP / Vanguard Global Aggregate Bond UCITS ETF GBP Hedged Distributing

VAGP invests across global investment-grade bonds and uses a GBP-hedged distributing share class. It offers broader bond exposure than a UK gilt-only fund. Currency hedging aims to reduce exchange-rate effects for sterling investors, while distributions pay income out of the fund.

It remains exposed to interest-rate movements, borrower risk and changes in credit spreads. Hedging does not remove those risks or guarantee a stable price. It can be researched as a defensive part of invested money, but a global bond fund is not an overnight cash substitute. Check duration and holdings, and consider how a bond loss would affect your withdrawal reserve.

Before buying: Read the current KID/KIID, factsheet and prospectus. Confirm the exact share class and availability with your platform. Compare fund and platform charges, dealing costs, spreads and settlement times. Investments can lose value.

Source material: Amundi, DWS Xtrackers, iShares and Vanguard issuer factsheets and product information. The planner models bucket-level assumptions, not individual ETF performance.



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Equity examples for Bucket 2 - Growth

VUSA / Vanguard S&P 500 UCITS ETF USD Distributing

VUSA tracks the S&P 500, providing exposure to large US companies across several sectors. It distributes dividends rather than automatically reinvesting them within this share class. It is a US equity research example for long-term Growth, not an all-world portfolio.

It concentrates your equity exposure in one country and includes significant exposure to its largest companies. A GBP trading line does not remove the currency effects of the underlying US investments. Compare it with a global fund before adding it: global equity funds already hold many of the same companies, so an additional VUSA holding increases the US weighting.

Equity examples for Bucket 2 - Growth

VALL / Vanguard FTSE Global All-Cap UCITS ETF USD Accumulating

VALL tracks the FTSE Global All Cap Index, covering large, medium and small companies across developed and emerging markets. This accumulating share class reinvests dividends. Its potential role is broad global equity exposure within Growth, including smaller companies absent from large- and mid-cap-only indices.

All-cap does not mean equal allocations to every country or company: market-value weighting leaves the largest markets and businesses dominant. Small companies and emerging markets add their own risks. Compare index coverage, spreads, tracking and platform availability, and distinguish this ETF from Vanguard's similarly named Global All Cap index mutual fund.

Before buying: Read the current KID/KIID, factsheet and prospectus. Confirm the exact share class and availability with your platform. Compare fund and platform charges, dealing costs, spreads and settlement times. Investments can lose value.

Source material: Amundi, DWS Xtrackers, iShares and Vanguard issuer factsheets and product information. The planner models bucket-level assumptions, not individual ETF performance.



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Equity examples for Bucket 2 - Growth

VWRP / Vanguard FTSE All-World UCITS ETF USD Accumulating

VWRP tracks the FTSE All-World Index, investing in large and medium-sized companies across developed and emerging markets. Dividends are reinvested in this accumulating share class. It is another broad global equity example for Growth; unlike VALL's all-cap index, its benchmark does not include the small-cap segment.

VWRP and VALL overlap heavily, so owning both is not necessarily a meaningful increase in diversification. Compare which coverage you want, costs, trading spreads and how well the fund tracks its index. Global exposure still carries stock-market and currency risk, and the biggest US businesses can account for a substantial share of the portfolio.

Equity examples for Bucket 2 - Growth

IITU / iShares S&P 500 Information Technology Sector UCITS ETF

IITU is the GBP trading line of an accumulating ETF focused on the information-technology sector within the S&P 500. It is a narrower US sector investment rather than a broad global equity fund. It can be researched as a deliberate technology tilt within Growth, with dividends reinvested.

If included, consider keeping IITU to only a small portion of Bucket 2, alongside broader, diversified holdings. Its sector concentration can produce larger swings than a broadly diversified portfolio. Sector classifications also mean it does not include every business commonly described as a technology company. Check the largest holdings and their weights: adding IITU alongside VUSA, VWRP or VALL can increase exposure to companies already owned. Do not assume recent technology performance will continue or that this fund alone provides a diversified retirement portfolio.

Before buying: Read the current KID/KIID, factsheet and prospectus. Confirm the exact share class and availability with your platform. Compare fund and platform charges, dealing costs, spreads and settlement times. Investments can lose value.

Source material: Amundi, DWS Xtrackers, iShares and Vanguard issuer factsheets and product information. The planner models bucket-level assumptions, not individual ETF performance.