Off to Sunny Spain for your retirement?

But beware: your UK state pension might not rise in the future, unlike your friends back home, who might enjoy double the level of state pension after 20 years

Edinburgh's Standard Life has revealed the top retirement hotspots outside the UK[1].

These are: 1st Spain; 2nd France; 3rd USA; 4th Canada; 5th Ireland

Andrew Tully, Senior Pensions Policy Manager, Standard Life commented: "Retiring abroad is a dream for many people but without careful planning and advice, things can potentially go wrong very quickly."

If an individual moves abroad permanently, any increases in their UK state pension will only apply if they are living in an EU country (including Gibraltar and Switzerland), or a country with a reciprocal social security agreement with the UK[2].

Where the individual is living outside these countries, the amount of UK state pension they will receive each year is frozen at the amount initially paid when first claimed (or if the pensioner emigrated more than one year after payment began, at the rate in force when emigrating). Popular retirement countries outside these reciprocal agreements include Australia, Canada, New Zealand and South Africa.

Tully continued: "One significant consideration before you move is to think about your state pension and what, if any, reciprocal agreement is in place. If there isn't a reciprocal agreement in place, then you need to be very careful your retirement income is sufficient to cover your living costs over a long period of time. Over a 20 year retirement, your basic state UK pension could halve[3] in real terms if a reciprocal arrangement is not in place."

If you are considering retiring abroad in the future, but are wondering if your retirement savings will be sufficient, Standard Life has launched www.getarealitycheck.co.uk, where you can check if your plans are on track.

Top tips for retiring abroad

1. Seek independent financial advice before making plans about future pension provision or transferring your pension overseas.
2. Check what reciprocal basic state pension agreements are in place with the destination country, if any (check with the Department for Work and Pensions).
3. Inform your social security office, HM Revenue and Customs, and the Department for Work and Pensions when you move and provide your contact details abroad.
4. You can get a forecast of your state pension by completing a BR19 form or go to www.thepensionservice.gov.uk. If already overseas, complete form CA3638 or call The International Pensions Centre on 0191 218 7777.
5. Check your state pension age (SPA). For women, the SPA is rising from 60-65 between 2010 and 2020, with further rises to 68 currently expected to take place by 2048, although the coalition government may accelerate these changes.
6. Find out about welfare rights abroad. Some UK benefits are not payable outside the UK, others apply only in the EU or in countries which have agreements with the UK.
7. Tell your bank, building society and any other financial institution that you have a policy or agreement with them and are moving abroad.

8. Contact your local council to let them know when you are leaving and leave a forwarding address.
9. Find out more about healthcare costs in the country you want to move to.
10. Inform your GP and dentist you are moving, and consider private healthcare.

For further tips, please go to: http://www.direct.gov.uk/en/BritonsLivingAbroad/BeforeYouGo/DG_4000018