Can you retire without a pension?

We all need to prepare for retirement, but pensions have lost some of their sheen: annuity rates are poor, management fees high and you can't take the money out early if you need it.

"The upside of a pension is tax relief on the premiums," says Colin Jackson, director of independent financial adviser Baronworth. So your contributions are worth 20 per cent more (40 per cent if you pay higher-rate income tax, though contributions are capped). If you're in an employer's scheme with your employer making contributions too, it's a no-brainer. But if you're not paying into a pension, there are other ways to prepare.

Invest in ISAs From this month for over-50s (and next April for everyone else) the ISA allowance rises to £10,200 a year, either entirely in stocks and shares, or up to half of it in a cash ISA. You don't get tax relief on what you put in, but you do on what comes out.

More are seeing ISAs as a route to retirement, including one 43-year-old finance director from Essex, who's paid off his mortgage and has been putting a little every month into a stocks and shares ISA that tracks the FTSE 100. He pays less than £50 a year to run his ISA through online stockbroker Selftrade.

Upsize to downsize Your property can be your pension. One trick is to buy as big a house as you can while you're working, then downsize later. "There's no capital gains tax because it's your main residence," Jackson points out. And how do you afford it? "Get a lodger," he says—you can earn up to £4,250 a year tax-free.

Unlock the money in your home "Equity release" means taking out a loan on part of your house's value and repaying it during your lifetime or on death. But remember that you can't leave as much, if any, of your main asset to your children.

Be a private landlord Many investors have had their fingers burned with buy-to-let. But buying when prices are low and selling when they're high can work as a medium- to long-term investment. Remember you'll have to pay capital gains tax when you sell and that insurance, maintenance and void periods will erode your income. "If you buy just one buy-to-let property you need tax advice before you start," warns Jackson.

Whatever you choose, don't put all your eggs in one basket. **Susannah Hickling**