GenerationWealth

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GETTING RETIREMENT READY

KEY STEPS TO ACHIEVING A COMFORTABLE RETIREMENT

10 REASONS TO GET YOUR TAX RETURN FILED NOW
British workers overpay £8.2bn in tax due to wrong codes

TAX RELIEF MATTERS
How to build a bigger pension pot

BUILDING A DIVERSIFIED PORTFOLIO
What is it, and why is it important?

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INSIDE THIS ISSUE

Welcome to our latest edition. In this issue, a comfortable retirement is a common financial goal, and contributing to a pension is essential to achieving it. Although retirement may appear distant at the moment, there's much to consider. Let us assist you in navigating this crucial life milestone. By planning ahead and making smart decisions about your savings, you can ensure a stable and enjoyable retirement. On page 12 we consider what steps will help you get pension retirement ready.

According to new research, British workers overpay £8.2bn in tax due to wrong codes. Filing your tax return can be daunting, but there are plenty of reasons why you should get it done as soon as possible. On page 06, we provide 10 reasons to get your tax return filed now rather than panicking as the deadline approaches.

If you're under 75 and have relevant UK earnings, you can benefit from tax relief when contributing to a personal pension or workplace pension scheme. On page 30, we explain why as tax rules change and individual circumstances vary, it's always a good idea to consult us for specific guidance.

Trusting that your investments are progressing toward your objectives is vital, allowing you to concentrate on what you value most. This is why building a diversified portfolio is crucial to any successful investment strategy. The primary goal is to spread your investment portfolio across many different asset classes to mitigate the risk of each. Read the full article on page 08.

A complete list of the articles featured in this issue appears opposite.

WANT TO DISCUSS NAVIGATING THE COMPLEXITIES OF YOUR FINANCES?

Our comprehensive financial planning services are designed to align with your current and future goals. We'll help you navigate the complexities of your finances, ensuring a well-structured strategy for life's various stages. Don't hesitate to contact us for more information about how we can help guide you towards a secure and prosperous financial future.

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INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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PRICE OF **ADULTHOOD**

FINANCIAL RESPONSIBILITIES INCREASE SIGNIFICANTLY AFTER 25

Paying essentials such as utilities and council tax becomes a reality as young adults transition from student life to the workforce. The reality of financial responsibilities often accompanies the excitement of newfound independence during one's mid-twenties.

According to research, young workers may find their first salaries insufficient to cover necessities like utilities and council tax. The study reveals that the number of people making regular payments significantly increases among those aged 25 to 34 compared to those aged 18 to 24[1].

The data highlights that only 34% of 18-to-24-year-olds currently pay utility bills, but this figure doubles to 68% among 25-to-34-year-olds. Similarly, internet usage payments rise from 45% for 18-to-24-year-olds to 70% for 25-to-34-year-olds.

TIPS FOR MANAGING REGULAR PAYMENTS

By following these tips and taking control of their financial responsibilities, young adults can ease the transition from student life to the workforce and set themselves up for a more secure financial future.

CREATE OR REVIEW YOUR BUDGET

A household budget can help you afford essential costs and identify potential savings. It can give you peace of mind about whether you can afford your essential expenses and have money left over for any non-essentials. If you already have a budget, it's worth checking to see if it's still working for you, especially as many costs have risen over the last few months.

Looking more closely at your current and past spending habits, you might find ways to cut costs in the future – freeing up some money to put elsewhere. Budgeting apps can analyse your spending and categorise expenses, making finding areas where you can cut costs easier.

CHECK FOR SAVINGS

Find opportunities to cut costs by switching providers or finding better phone contracts or utility bill deals. It's always worth seeing if you can cut costs by changing providers or shopping around to see if you can get a better deal on your phone contract or utility bills, for example.

Nowadays, switching providers is a relatively seamless process, and it can save you substantial amounts. As you age, you should check for any discounts or benefits you're entitled to.

SET GOALS AND CONSIDER WAYS OF SAVING

Establish clear savings goals and explore options to manage your finances better. Even if you don't have the money to set aside right now, analysing your options will help you better manage your finances. If you can save, first try to build up a 'rainy day fund' for those unexpected expenses that can tip monthly budgets over the edge, like an appliance or car repairs.

CONSIDER LONG-TERM SAVINGS AND RETIREMENT PLANNING

Saving into a pension plan offers tax relief on payments, and employers often contribute as well. They offer tax relief on your payments, so putting money into one can cost less than you think. If you have a workplace pension plan, your employer will typically pay into this – usually making a minimum payment of 3% of your earnings (or a portion of them).

In comparison, your minimum personal contribution generally is 5% if your employer pays 3%, with some employers willing to pay more. Some even match the employee payments up to a certain amount – meaning if you can put in more, they will too. It might be worth checking to see what's possible, as this is a great way to boost your pension savings. Starting contributions early can significantly impact your total retirement fund. ◀

DO YOU HAVE A CLEAR VISION OF YOUR FINANCIAL GOALS?

Understanding your priorities is essential for building self-assurance and a clear vision of your financial goals. We recognise that each individual has unique objectives and aspirations. We are committed to guiding you through every stage of your wealth journey. Contact us today to learn more.

Source data:

[1] Boxclever conducted research among 6,000 UK adults. Fieldwork was conducted 6 Sept – 16 October 2022. Data was weighted post-fieldwork to ensure the data remained nationally representative on key demographics.

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NORMAL MINIMUM PENSION AGE UPDATE

ESSENTIAL INFORMATION FOR YOUR RETIREMENT PLANNING

A significant change is on the horizon that may affect when you can access your pension money. We'll guide you through this change and its potential implications, so you can confidently prepare for retirement.

The current normal minimum pension age (NMPA) is 55, which means you can start taking your pension savings once you reach that age. Some exceptions exist, such as if you're experiencing ill health or have a lower protected pension age. However, the general rule applies to most people.

Starting from 6 April 2028, the NMPA will increase to 57. This change may affect you differently depending on your birth date. What does this mean for you?

WHAT ACTIONS SHOULD I TAKE?

IF YOU WERE BORN AFTER 5 APRIL 1973:
It's a good idea to review any existing plans to determine if the change will affect them. You may need to plan for another couple of years of saving, which could alter your retirement income. No action is required if you didn't intend to access your pension savings before turning 57.

Regularly reviewing your retirement plans is a smart habit, especially as you approach the age when you'd like to start accessing your pension savings.

IF YOU WERE BORN AFTER 6 APRIL 1971, BUT BEFORE 6 APRIL 6 1973:
You have two options – carefully consider which one best suits your circumstances.

OPTION 1: ACCESS YOUR PENSION SAVINGS BEFORE THE DEADLINE
If you don't want to wait until you're 57 to access your pension savings, you'll need to begin withdrawing funds between turning 55 and 6 April 2028. Remember that you can access your pension savings without taking large or regular amounts; you can decide what's right for you. However, obtaining professional financial advice before making any decisions is essential.

Remember that leaving your pension savings invested longer allows for potential growth. Also, note that taking taxable money from your plan (anything exceeding your tax-free entitlement) may reduce the amount you can contribute to your plan due to the Money Purchase Annual Allowance.

OPTION 2: WAIT UNTIL YOU TURN 57
No action is needed if you weren't planning to access your pension savings before age 57. You can access your pension savings at any time after turning 57. However, if you crystallise funds before 6 April 2028, you'll retain the opportunity to do so before age 57.

IF YOU WERE BORN ON OR BEFORE 6 APRIL 1971:
No action is required, as you will already be 57 when the change takes effect, and your retirement plans won't be impacted.

NOT RETIRED YET? REVIEW YOUR RETIREMENT DATE
Even if you can no longer access your money at 55, your retirement date may still be set to your 55th birthday. It's worth checking it now.

You can change your retirement date at any time, but the chosen date can affect your plan. For example, if you've invested in a lifestyle profile, your pension investments are designed to transition to lower-risk investments as you approach your retirement date. This helps reduce the impact of market fluctuations on your pot's value.

If your retirement date is set to your 55th birthday, but you don't plan to access your money until 65, your investments won't align with your plans, potentially affecting the value of your pension savings when you're ready to withdraw them. ◀

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THINKING ABOUT RETIRING BUT TRYING TO FIGURE OUT WHERE TO BEGIN?
Retiring is a big decision. You'll have different options when it comes to taking your money. We'll help you find suitable options so you can make the right choices. To discuss your retirement plans, please get in touch with us for more information.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

10 REASONS TO GET YOUR **TAX RETURN** FILED NOW

BRITISH WORKERS OVERPAY £8.2BN IN TAX DUE TO WRONG CODES

According to new research, more than two-fifths (43%) of UK adults who have checked their tax code have found they are on the wrong one[1]. While a fifth (20%) of those who were on the wrong tax code were underpaying, almost three-quarters (71%) were overpaying as a result.

Those who paid too much gave the tax man £694 more than they were supposed to on average, with one in seven (13%) overpaying more than £1,000 – this totals £8.2bn in overpayments because of wrong tax codes[2].

CLAIMING BACK OVERPAID TAX

With only a third (36%) of UK adults comfortable with claiming back overpaid tax, around 34 million individuals need clarification about the process, many of whom could currently be owed an unclaimed tax rebate.

Conversely, two-thirds of UK adults (67%) believe they are on the correct tax code, but just 38% know this for sure, and taxpayers who haven't checked their code have yet to check their code for two years on average.

SOONER RATHER THAN LATER

However, nearly two in five (38%) say they have noticed a change in the amount they pay in Income Tax in the past three months.

Filing your tax return can be daunting, but there are plenty of reasons why you should get it done as soon as possible.

HERE ARE 10 REASONS TO FILE YOUR TAX RETURN NOW:

1. Avoid penalties: The earlier you file your tax return, the less likely you are to incur late filing penalties. These can add up quickly and put a dent in your finances.

2. Reduce stress: Filing your tax return early allows you to avoid the last-minute rush and reduces stress associated with meeting deadlines.

3. Get your refund faster: If you're due a tax refund, filing early means you'll receive your money sooner, which can help pay off debts or make new investments.

4. More time to pay: If you owe taxes, filing early gives you more time to budget and make payment arrangements.

5. Avoid errors: Rushing through your tax return increases the likelihood of mistakes, which can lead to penalties or delays in processing your return. Filing early gives you ample time to double-check your information and make necessary corrections.

6. Maximise deductions and credits: Filing early gives you more time to gather documentation and ensure you claim all eligible deductions and credits. This can help reduce your overall tax liability.

7. Plan for the future: Knowing your tax situation early allows you to make informed decisions about your finances for the coming year, including retirement contributions, investment strategies and other financial planning.

8. Beat the rush: Tax professionals tend to be swamped during the peak tax season. Filing early ensures you can secure an appointment and receive personalised attention from your tax advisor.

9. Protect against identity theft: Filing your tax return early can reduce the risk of identity theft, as it leaves less time for criminals to file a fraudulent return in your name.

10. Peace of mind: Finally, filing your tax return early provides peace of mind, knowing that you've fulfilled your obligations and can move on to other essential tasks.

ENSURE YOU'RE PAYING THE RIGHT AMOUNT OF INCOME TAX

Understanding your tax code is vital to ensure you're paying the right amount of Income Tax. Those not on the correct code may find themselves out of pocket. If it's wrong, you may contribute more or less than you should.

And although overpaying means you should get a rebate – if and when it's spotted – underpaying means you may have to pay HMRC a lump sum to make up the shortfall. If you are in doubt about your tax code, there are a variety of online resources to help you check, including salary and pension withdrawal calculators.

If you think you need to have your tax code corrected, you can call HMRC directly. Remember there are time limits to reclaim overpaid Income Tax, which is four years from the end of the tax year in which you are trying to claim. There are minimal exceptions to this – for example, if HMRC has made an official error – so if you are in any doubt, the earlier you contact HMRC, the better. ◀

WANT TO DISCUSS YOUR FINANCIAL PLANS?

Filing your tax return early offers many benefits, from avoiding penalties and reducing stress to maximising eligible deductions and protecting against identity theft. Don't wait until the last minute – start preparing your tax return now and enjoy these advantages. For more information, please get in touch with us.

Source data:

[1] Research conducted by Opinium among 2,000 UK adults between 21-25 April 2023.
*[2] On a nationally representative survey of 2,000 UK adults, 445 are UK adults who know how much they overpaid in tax the last time they were on the wrong tax code. 445 / 2,000 * 52,890,000 (UK adult population) = 11,768,025 (shorthand 11.8 million). £694 * 11,768,025 = 8,167,009,350 (shorthand £8.2 billion).*

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ARE WE ENTERING AN **INVESTMENT BOND RENAISSANCE?**

EXPLORING WHY THEY ARE AN ATTRACTIVE OPTION TO MASS-AFFLUENT INVESTORS

Onshore investment bonds typically carry a lower risk and contribute significantly to a well-rounded portfolio. Historically, numerous investors have opted for a 60% equities and 40% bonds split in their portfolios, as these two assets often (keep in mind, not always) exhibit contrasting performances under varying economic circumstances – a beneficial attribute during market volatility.

Following the Capital Gains Tax (CGT) changes announced in last year's November Autumn Statement, many investors are likely considering investment bonds a more attractive option. The Chancellor's decision to reduce the CGT allowance to £6,000 this year and to £3,000 in April 2024 means investment bonds are more attractive to mass-affluent investors who previously held money in OEICs and unit trusts.

INVESTMENT BONDS OFFER SEVERAL BENEFITS:

- Onshore bonds are not liable to CGT. Onshore bonds are treated as having already paid 20% tax on any gains when calculating a chargeable gain. In reality, the tax deducted is likely to be less than this.
- They can be ideal for Inheritance Tax (IHT) planning and are exempt from IHT after seven years if held in a trust.
- Investors can withdraw up to 5% of their initial investment annually without triggering a chargeable event or any immediate tax liability.
- Top slicing relief is available to reduce tax liability, which can eliminate or significantly reduce any tax liability when a chargeable event is incurred – helpful if investors are in the accumulation phase and are preparing for retirement (maybe a higher rate taxpayer while owning the bond, but a basic rate taxpayer when encashing).
- There are options to assign a bond (for example, between husband and wife as a genuine gift). For tax purposes, the assignment will generally be treated as if the new owner had always owned it – if one is a basic rate taxpayer, they could have no tax to pay on encashment.

HAVE YOU EXHAUSTED YOUR OTHER TAX ALLOWANCES?

Changes to CGT and the tax-free dividend allowances are also likely to appeal to investors looking to reduce IHT liabilities and those who have used their Individual Savings Account (ISA) allowances or received a large windfall payment. ◀

WANT TO LEARN MORE ABOUT INVESTMENT BONDS?

If you would like to arrange a no-obligation consultation to discover your investment options, please get in touch with us to discuss your distinct needs. We're looking forward to hearing from you.

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MAXIMISING YOUR INVESTMENTS IN YOUR 50s

TIME TO EVALUATE WHETHER YOU NEED TO MODIFY YOUR OBJECTIVES OR SAVING STRATEGIES?

As you enter your 50s, retirement is no longer a distant dream but a rapidly approaching reality. Ensuring that your investments work diligently to secure the lifestyle you envision for your golden years is crucial. By optimising your financial strategy now, you can confidently retire according to your personal goals and aspirations.

Defining your retirement savings target may have been on your financial to-do list for some time. However, delving deeper and establishing a more precise goal is essential. Determining the amount you need to save for retirement involves considering your desired retirement age, post-retirement activities, expected investment returns and inflation rates.

Obtaining professional financial advice will provide valuable insight into the longevity of your retirement savings', helping you evaluate whether you need to modify your objectives or saving strategies. By refining your retirement goals, you can work towards a concrete target and ensure a comfortable and secure future.

EVALUATE YOUR INVESTMENT STRATEGY IN YOUR 50S

In your 50s, as you approach retirement, it's crucial to reassess your investment portfolio to ensure the proper balance between risk and reward. The level of risk suitable for you will depend on your retirement funding plan and target retirement date.

If you plan to purchase an annuity in a few years, it may be wise to gradually shift your pension fund from equities to lower-risk assets like cash. This helps avoid a potential stock market downturn that could deplete your pension just before you need to buy an annuity.

On the other hand, if you intend to finance your retirement through income drawdown and additional savings and investments, moving to cash too early might result in your money running out sooner than expected. Maintaining some exposure to equities allows your portfolio the chance for long-term growth. Remember that your retirement could last for several decades, during which inflation will decrease the real value of your savings and diminish your money's purchasing power.

One way to counter rising prices is to stay invested in the stock market, as history demonstrates that it performs better than cash and outpaces inflation over extended periods. Diversifying your investments across various asset classes can help your portfolio withstand market fluctuations.

Obtaining professional financial advice will help you determine the ideal asset mix for your situation, considering your investment horizon and risk tolerance.

BOOST YOUR RETIREMENT SAVINGS WITH PENSION TAX RELIEF

Pensions are a powerful tool for saving for retirement, especially when you're in your 50s. One of the main reasons for this is the tax relief you receive on personal pension contributions. This tax relief can significantly enhance your retirement savings, making it essential to focus on your pension as you approach retirement.

When you make a pension contribution, the government provides tax relief, essentially free money. For example, a £1,000 pension contribution would only currently cost you: £800 if you're a basic rate taxpayer; £600 if you're a higher rate taxpayer; and £550 if you're an additional rate taxpayer (assuming you have at least £1,000 of income in the higher/additional rate bands). This tax relief can help you grow your retirement savings more quickly and efficiently.

You can make tax-relievable personal contributions of up to 100% of your UK relevant earnings or £3,600 if more up to age 75. The annual allowance is currently £60,000 and this applies to contributions from all sources including any employer contributions. If the annual allowance is exceeded, you will be liable for a tax charge on the excess. However, your pension annual allowance could be lower than this if you have a very high income.

If you wish to save more than your annual allowance, you may be able to utilise unused allowances from the previous three tax years under carry-forward rules. This option allows you to maximise your pension contributions and use the tax relief available.

Focusing on your pension and taking advantage of tax relief is a smart strategy for those in their 50s looking to boost their retirement savings. Understanding the benefits of pension tax relief and maximising your contributions can ensure a more financially secure future during your retirement years.

MAXIMISE YOUR TAX ALLOWANCES

As an investor, there are numerous tax allowances you can take advantage of to maximise your financial benefits. One such allowance is the Individual Savings Account (ISA), which currently allows you to invest up to £20,000 per year (tax year 2023/24) and enjoy tax-efficient income and growth.

With the flexibility to withdraw from ISAs without paying tax, they serve as a valuable income source for those retiring before age 55 (the current normal minimum pension age (NMPA) and contribute to a tax-efficient retirement income portfolio. Starting from 6 April 2028, the NMPA will increase to 57. This change may affect you differently depending on your birth date.

Other essential allowances to explore include the personal savings allowance, dividend allowance and capital gains tax exemption. These allowances currently allow you to earn tax-free interest up to £1,000, depending on your marginal Income Tax rate. Additionally, you can receive tax-free dividends up to £1,000 (the allowance is set to reduce to £500 in April 2024) and enjoy tax-free investment gains up to £6,000 for the 2023/24 tax year (the allowance is set to reduce to £3,000 in April 2024).

Obtaining professional financial advice will help you optimise your allowances and structure your portfolio for maximum tax efficiency. By leveraging these allowances, you can make the most of your investments and secure a comfortable financial future. ◀

ARE YOU LOOKING FOR GUIDANCE TO NAVIGATE THE WORLD OF INVESTMENTS?

Investing your money is an effective way to reach your long-term goals and aspirations. By investing your money, you could earn a higher return than if you were to save it in a low-interest savings account. This means that your money could grow substantially over time, giving you a better chance of achieving your financial goals. For more information, please get in touch with us.

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RESPONSIBLE **ASSET SELECTION**

SUPPORTING RESPONSIBLE PRACTICES AND CONTRIBUTING TO A SUSTAINABLE FUTURE

Environmental, Social and Governance (ESG) investing is a strategy that focuses on companies that prioritise environmental, social and governance factors in their operations. Investing in these businesses aims to support responsible practices and contribute to a sustainable future.

By focusing on companies with high ESG scores, investors can support sustainable and ethical businesses while enjoying the potential for superior financial performance.

HERE'S A BREAKDOWN OF THE THREE ESG CRITERIA:

Environmental: This criterion evaluates a company's impact on the environment. Factors such as energy use, sustainability policies, carbon emissions and resource conservation are considered when assessing a company's environmental performance. Companies with strong environmental practices often have lower environmental risks and demonstrate a commitment to reducing their ecological footprint.

Social: The social aspect of ESG investing examines how a company treats its employees and interacts with the communities in which it operates. Businesses prioritising employee welfare, workplace safety and community engagement are more likely to have a positive social impact and maintain a good reputation. Supporting companies with strong social values can promote fair labour practices and foster a more inclusive society.

Governance: Governance factors relate to a company's leadership, management and overall corporate structure. Key considerations include executive compensation, audit processes, internal controls, board independence, shareholder rights and transparency. Companies with robust governance structures are more likely to be accountable, trustworthy and better prepared to manage potential risks.

By considering ESG factors in investment decisions, investors can support companies that demonstrate a commitment to sustainability, ethical practices and strong governance. This approach aligns investments with personal values and can lead to long-term financial benefits, as ESG-focused companies are often better equipped to navigate evolving regulations, mitigate risks and capitalise on emerging opportunities.

FOCUSED ON SUSTAINABILITY, ETHICAL PRACTICES AND STRONG GOVERNANCE

ESG factors are increasingly essential for investors when evaluating companies and making investment decisions. Investing in high-scoring ESG companies allows for responsible and ethical investments without sacrificing returns. Numerous studies have shown that companies with strong ESG performance tend to outperform their counterparts with lower ESG standards.

High ESG scores indicate that a company is focused on sustainability, ethical practices and strong governance, which can lead to long-term success and reduced risk exposure. These companies are more likely to be resilient in market fluctuations and other challenges.

On the other hand, businesses with low ESG standards have often faced consequences like declining share prices and reputational damage. Examples of such companies include those causing significant environmental harm, engaging in unethical practices or attempting to cheat regulatory systems. These events can lead to financial losses for investors who hold shares in these companies.

CHALLENGES OF ESG INVESTING: GREENWASHING AND SUBJECTIVITY

ESG investing has gained significant traction recently as investors increasingly seek to align their portfolios with ethical values. However, the varying interpretations of ESG categories and the rise of 'greenwashing' can make it challenging for investors with specific ethical requirements to navigate this space.

SUBJECTIVE NATURE OF ESG

One of the main challenges of ESG investing is the subjectivity in evaluating companies based on their environmental, social and governance policies. What is considered a responsible

investment for one person could be viewed as unethical by another. For instance, a sugary drinks manufacturer may have an excellent recycling policy, earning them high marks in the 'E' category. However, some investors might argue that sugary drinks are detrimental to society, making the company an unsuitable investment choice.

This subjectivity makes it difficult for investors to find a universally agreed-upon standard for determining whether a company or fund meets their ethical criteria.

THREAT OF GREENWASHING

Another challenge facing ESG investors is the phenomenon of 'greenwashing,' where companies or funds market themselves as environmentally friendly or socially responsible when, in reality, they do not meet these standards. This deceptive practice can lead to investors unwittingly supporting businesses that do not align with their values.

To combat greenwashing, investors must conduct thorough due diligence on the companies and funds they are considering. This may involve reviewing third-party ESG ratings, examining a company's sustainability reports and scrutinising the portfolio holdings of ESG-focused funds.

NAVIGATING ESG INVESTING CHALLENGES

Despite the challenges posed by subjectivity and greenwashing, ESG investing remains an essential tool for those who wish to align their financial goals with their ethical values.

To successfully navigate these obstacles, investors should:

- Clearly define their values and priorities when it comes to ESG issues.
- Conduct thorough research on companies and funds, utilising third-party ESG ratings and other available resources.
- Be cautious of companies or funds that make bold sustainability claims without providing concrete evidence to back them up.
- Diversify their investments across ESG-focused companies and funds to mitigate the risk of inadvertently supporting unethical businesses.

By taking these steps, investors can better ensure that their investment choices align with their ethical values and contribute to a more sustainable and socially responsible future. ◀

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TIME TO BUILD A MORE ETHICAL PORTFOLIO?

As awareness and interest in ESG factors continue to grow, the trend towards responsible investing will only strengthen. Starting a portfolio and filling it with environmentally, socially and governance-minded investments doesn't need to be difficult. To find out more, speak to us today.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH.

THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

GETTING **RETIREMENT READY**

KEY STEPS TO ACHIEVING A COMFORTABLE RETIREMENT

A comfortable retirement is a common financial goal, and contributing to a pension is essential to achieving it. Although retirement may appear distant at the moment, there's much to consider. Let us assist you in navigating this crucial life milestone.

By planning ahead and making smart decisions about your savings, you can ensure a stable and enjoyable retirement.

HERE ARE 10 STEPS TO HELP YOU GET PENSION RETIREMENT READY:

1. ASSESS YOUR CURRENT FINANCIAL SITUATION
Start by evaluating your current financial standing, including your income, expenses, assets and liabilities. Determine how much you can save for retirement without compromising your current lifestyle.

2. SET RETIREMENT GOALS
Think about the kind of lifestyle you want to have during retirement. Consider factors like travel, hobbies, healthcare and support for family members. Estimate the annual income you will need to maintain this lifestyle, taking inflation into account.

3. CALCULATE YOUR PENSION GAP
Compare your projected retirement income with your current savings and expected pension benefits. This will help you identify any potential shortfall in your retirement fund, known as the 'pension gap'. Knowing this gap will give you a clear target to work towards.

4. CONTRIBUTE TO YOUR PENSION PLAN
Commit to regularly contributing to your pension plan. The earlier you start, the more time your investments have to grow, thanks to the power of compounding. Look into your employer's pension scheme and take advantage of any matching contributions.

5. DIVERSIFY YOUR INVESTMENTS
Don't rely solely on your pension plan for your retirement income. Diversify your investment portfolio with other assets like equities, bonds and property. This will help spread risk and provide the potential to increase your returns.

6. REVIEW YOUR PENSION PLANS REGULARLY
Revisit your pension plan at least once a year to ensure it's on track to meet your retirement goals. Adjust your contributions or investment strategy if necessary, and contact us about seeking professional financial advice if you need clarification on your decisions.

7. PLAN FOR THE UNEXPECTED
Life can be unpredictable, so it's essential to have contingency plans in place. Ensure you have an emergency fund to cover unexpected expenses and consider insurance policies like life and health insurance to protect yourself and your family.

8. REDUCE DEBT BEFORE RETIREMENT
Aim to pay off high-interest debts, such as credit card balances and personal loans, before you retire. Entering retirement with minimal debt will reduce your financial stress and help you enjoy a more comfortable lifestyle.

9. CONSIDER WORKING PART-TIME DURING RETIREMENT
If you're concerned about your retirement income, consider working part-time or freelancing during your retirement years. This can provide additional income and help you stay active and engaged.

10. STAY INFORMED ABOUT PENSION REGULATIONS AND CHANGES
Keep updated with any changes to pension regulations, tax laws and investment options that could impact your retirement planning. Staying informed will help you make better decisions and adapt your strategy accordingly.

By following these steps, you can take control of your financial future and work towards a comfortable and fulfilling retirement. Starting early and staying consistent with your contributions and investments is vital to a successful pension plan. ◀

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DO YOU NEED TO GET YOUR RETIREMENT PLANS IN ORDER?
We prioritise building personal connections with our clients, using our expertise to instil confidence in your financial decisions. We aim to help you enjoy life today while strategically planning for a secure tomorrow. Don't hesitate to get in touch with us to discuss your plans.

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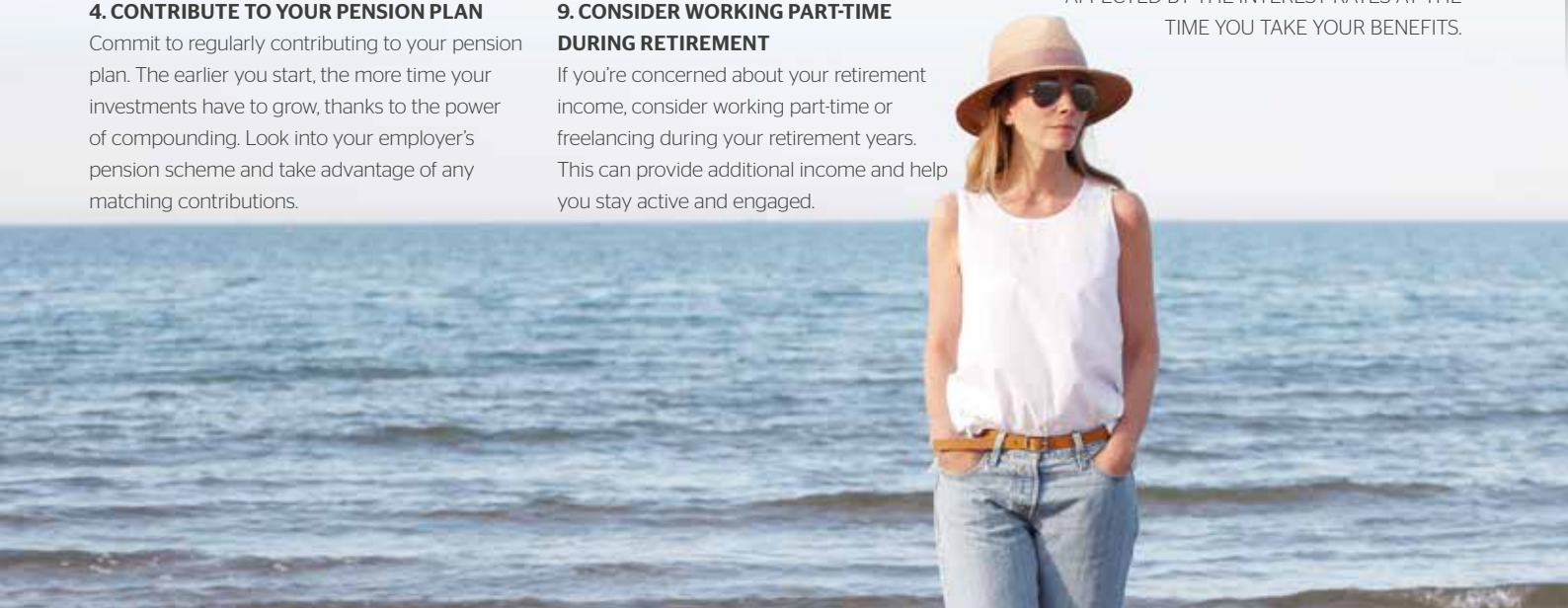

BUILDING A **DIVERSIFIED PORTFOLIO**

WHAT IS IT, AND WHY IS IT IMPORTANT?

Trusting that your investments are progressing toward your objectives is vital, allowing you to concentrate on the things you value most in life. This is why building a diversified portfolio is crucial to any successful investment strategy.

Diversifying your investment portfolio can limit your exposure to any single type of asset, therefore helping to reduce the risk and volatility of your portfolio. The primary goal is to spread your investment portfolio across many different asset classes to mitigate the risk of each.

ACHIEVE LONG-TERM INVESTING SUCCESS

Investing in multiple different asset types ultimately means that the positive performance of certain investments neutralises the negative performance of others. Whilst this may be tipped in one way or another, it yields long-term, stable returns and lower risk over time.

Building a diversified portfolio is essential for anyone wanting to achieve long-term investing success. With the right approach, investors can create a balanced investment strategy that helps them reach their financial goals while minimising risk.

UNDERSTAND YOUR RISK TOLERANCE

Before you begin, it's crucial to assess your risk tolerance. This involves evaluating your financial goals, time horizon and comfort level with potential losses. Knowing your risk tolerance will help you select investments that align with your goals and preferences.

CHOOSE A VARIETY OF ASSET CLASSES

A well-diversified portfolio may include asset classes such as equities, bonds, cash and alternative investments like property or commodities. Each asset class has its own risk and return characteristics, so including a mix of them can help balance your overall risk.

INVEST IN DIFFERENT SECTORS AND INDUSTRIES

Within each asset class, diversify further by investing in various sectors and industries. This helps to protect your portfolio from downturns in specific areas of the economy. For example, if you invest in equities, consider holding multiple sectors like technology, healthcare, finance and consumer goods.

CONSIDER GEOGRAPHICAL DIVERSIFICATION

Investing in different countries and regions can also reduce risk. Other economies and markets may respond differently to global events, so having exposure to international investments can provide additional diversification benefits.

REGULARLY REBALANCE YOUR PORTFOLIO

Over time, the performance of your investments will cause some to grow more than others. This can make your portfolio unbalanced and expose you to more risk than you initially intended. To maintain your desired level of diversification, reviewing and rebalancing your portfolio periodically is essential.

MONITOR AND ADJUST

Keep an eye on your investments and the overall market conditions. Stay informed about global events that could impact your investments, and be prepared to adjust your portfolio if necessary.

Building a diversified portfolio requires time, research and ongoing management. However, the benefits of spreading your risk and protecting your investments from market volatility make it a worthwhile endeavour for any investor. ◀

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ARE YOU LOOKING TO BUILD AN INVESTMENT PORTFOLIO CRAFTED AROUND YOUR UNIQUE NEEDS?

Dedicating yourself to managing personal investments for long-term success demands expertise, impartiality and perseverance. Overseeing your portfolio can be both laborious and time-intensive. To learn more about how we can help you plan to grow and protect your wealth, don't hesitate to contact us for more information.

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HOW TO INVEST **AFTER RETIREMENT**

ENSURE YOUR WEALTH IS PRESERVED FOR FUTURE GENERATIONS

As you enter your golden years, the excitement of finally retiring may be tinged with some uncertainty. With the working days behind you, it's natural to wonder if you've amassed sufficient resources and how best to utilise them.

Additionally, life can be unpredictable, so it's essential to be prepared for unforeseen circumstances. Investing for income after retirement can seem a daunting task, but it is by no means impossible. With professional advice, careful planning and continuous monitoring of your investments, you can ensure that your savings last as long as needed.

To help you navigate this new chapter, here are some tips on investing after retirement to ensure your hard-earned savings continue to support you throughout your well-deserved rest.

KEEP AN EYE ON INFLATION

When it comes to investing after retirement, inflation should always be taken into account. Inflation reduces the purchasing power of money over time, so it's essential to consider this when making investment decisions. Investing in products such as index-linked annuities or government bonds can help protect against inflation risk and provide consistent income over the long term.

CONSIDER DIFFERENT ASSET CLASSES

Investing in different asset classes can help diversify your portfolio and minimise risk. This could include equities, fixed income (such as bonds), property, cash or alternative assets. Different asset classes have varying levels of risk and returns, so it's essential to understand the risks associated with each before investing.

DON'T FORGET ABOUT TAXES

Taxation rules change regularly, so it's crucial to ensure you are up-to-date on the latest regulations to take advantage of potential tax breaks or benefits when investing after retirement.

KEY POINTS TO CONSIDER

Income Tax: Depending on your total income, including pensions, investments and other sources, you may be liable to pay Income Tax. Keep track of your personal allowance, which is the income you can earn before paying Income Tax (other allowances are also available for specific income types such as dividends and savings income).

Capital Gains Tax (CGT): When you sell an investment or asset that has appreciated in value, you may be subject to CGT. However, there is an annual tax-free allowance for capital gains, so ensure you know the current threshold.

Dividend Tax: If you receive dividends from investments in shares, you'll need to consider dividend tax. There's a tax-free dividend allowance, but any dividends above this threshold will be taxed.

Inheritance Tax (IHT): Proper estate planning can help minimise the impact of IHT on your loved ones. Make sure you understand the current IHT threshold and consider strategies such as gifting assets or setting up trusts to reduce potential tax liabilities.

Pension Contributions: Even after retirement, you can still contribute to your pension and potentially receive tax relief on those contributions. This can be an effective way to grow your pension savings while reducing your overall tax liability.

Individual Savings Accounts (ISAs): Utilising ISAs allows you to invest in equities, bonds and other assets without being subject to Income Tax or CGT on the returns. Maximise your annual ISA allowance to take advantage of these tax benefits.

REBALANCE YOUR PORTFOLIO REGULARLY

Once you have created a well-diversified portfolio, reviewing and rebalancing it regularly is essential. This will help ensure that it remains aligned with your goals and the risk profile you are comfortable with. ◀

NEED ADVICE ABOUT WHAT TO DO WITH YOUR MONEY IN RETIREMENT?

Initiating your retirement planning and savings sooner is always advantageous. Your unique situation will influence the methods for saving and investing in retirement. By following these tips, retirees can ensure their investments last as long as needed. With careful planning and diligence, investing after retirement can be less intimidating and more successful. To discuss how we can help, don't hesitate to contact us.

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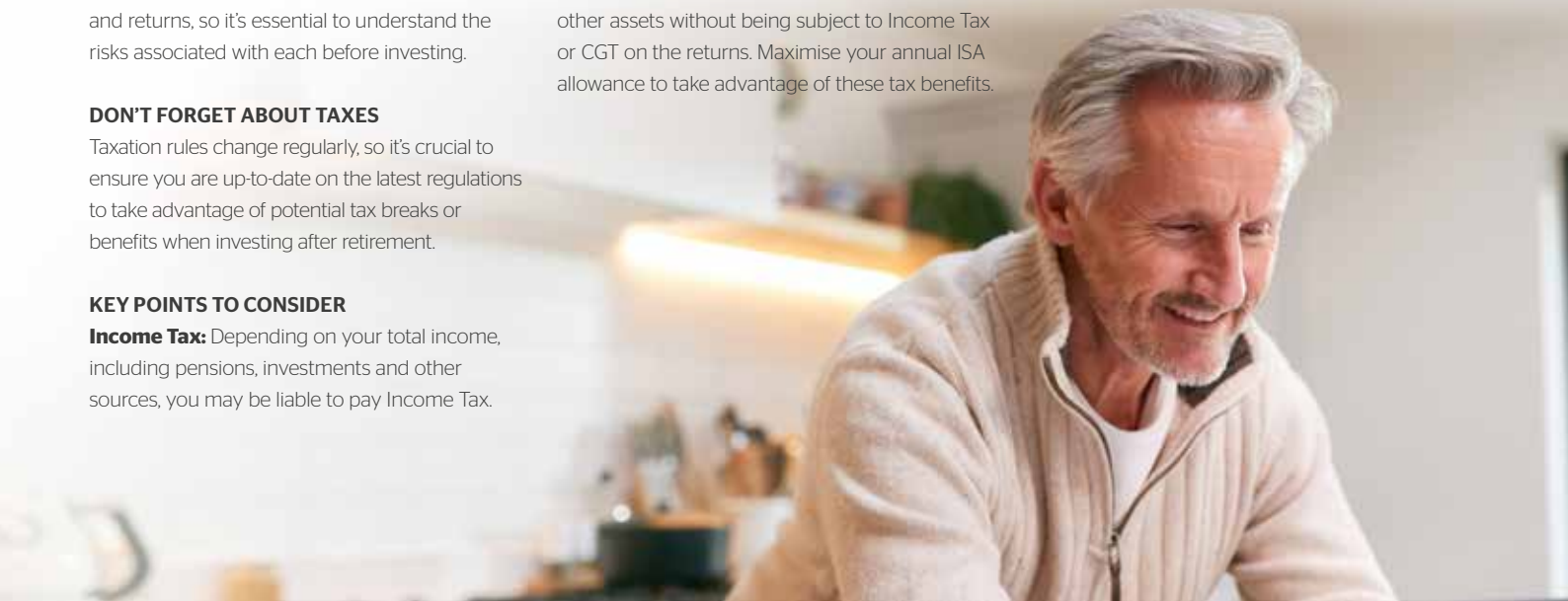

PROTECTING YOUR CHILDREN **AND SECURING THEIR FUTURE**

OUR HEALTH, AN INVALUABLE ASSET, IS OFTEN OVERLOOKED OR TAKEN FOR GRANTED

As a parent, ensuring the wellbeing of your children is a top priority. From having open conversations with your partner to creating a Will, there are straightforward measures you can implement to provide them with the protection they deserve.

OPEN THE CONVERSATION

Discussing sensitive topics might be uncomfortable, but it's essential for planning and protecting your children's future. Choose a time and place to start this important conversation when you and your partner or immediate family won't be disturbed. By viewing it as a practical task rather than an emotional one, it becomes easier to handle.

APPOINT A LEGAL GUARDIAN

Many parents still need a formal plan regarding who would care for their children if they were no longer around. Selecting a legal guardian is crucial to ensure your children's wellbeing. A legal guardian can be anyone over 18 years old, such as a close family member or friend. If a guardian isn't chosen, your children may end up in foster care while the courts appoint a guardian.

CREATE A WILL

After discussing your plans and selecting a guardian, make it official by creating a Will. A Will allows you to specify how your estate should be distributed upon death. Dying without a Will leaves the distribution of your assets up to the law, which may not align with your wishes. Moreover, a Will can help minimise Inheritance Tax, leaving more for your children to benefit from.

LOOK INTO LIFE INSURANCE

Having life insurance in place is a responsible way for parents to ensure the financial security of their children in the event of their death. It is an essential part of any family's financial plan and can provide you and your family with the peace of mind that they will be taken care of in case something happens. It could provide a tax-free cash benefit to your children if something were to happen to you. This money can help pay for your children's living expenses or any other financial needs. Having life insurance in place ensures that your children are financially provided for in the event of your death.

SEEK EXPERT ADVICE WHEN NECESSARY

Having children is a financial game-changer. Not only do you increase your expenses, but you also gain the responsibility to protect them by providing for their future. One way to do this is by speaking with your professional financial adviser. By obtaining professional financial advice about your life insurance requirements for your children, you can protect their future and provide them with financial security. No parent wants to think of the unthinkable, but by investing in life insurance, you can give your children the security they need to face whatever comes their way.

Following these simple steps, you can take charge of your children's wellbeing and guarantee their future is protected. ◀

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WANT TO MAXIMISE THE POTENTIAL OF YOUR WEALTH FOR FUTURE GENERATIONS?

Safeguarding what we cherish most is crucial, and while it's easy to procrastinate, addressing our protection needs fulfils our innate desire to maintain safety. Our health, an invaluable asset, is often overlooked or taken for granted. Protection goes beyond purchasing life insurance – it encompasses financial support during periods of inability to work and maximises the potential of your wealth for future generations. To find out more, please get in touch with us.

LUMP SUM VS **REGULAR CONTRIBUTIONS!**

CHOOSING THE RIGHT PENSION PAYMENT STRATEGY

When planning for your future, consider increasing your pension savings. But should you do this through a lump sum or by raising your regular contributions? In this article, we look at each option.

WHY INVEST IN YOUR PENSION PLAN?

First, it's crucial to recognise the advantages of investing in your pension plan. Saving for your future is essential for your future financial independence and security, and your pension plan is one of the most tax-efficient ways to do it.

Pension tax relief on your contributions, employer contributions (especially if they offer a matching scheme) and investment growth potential are just a few of the benefits of investing in your pension plan. All these factors make contributions to your pension plan an effective way to maximise your savings.

SHOULD I MAKE A LUMP SUM PAYMENT INTO MY PENSION PLAN?

If you suddenly receive a large sum of money, such as an inheritance, work bonus or tax refund, should you invest it in your pension plan?

Exceeding your regular pension contributions can bring you closer to achieving your retirement savings goals. A lump sum payment is a quick and straightforward method to enhance your plan while utilising your pension annual allowance before the end of the tax year.

Investing your lump sum as soon as possible allows it more time to grow, giving you more money during retirement. Additionally, depositing a work bonus into your pension plan could save you on tax and National Insurance deductions.

However, ensure that your payment doesn't exceed your pension annual allowance to avoid tax charges. For the 2023/24 tax year, the pension annual allowance is set at £60,000, and this is the total value that can be paid into all your pensions each tax year before triggering a tax charge. Lower limits may apply if you're a high earner or you've already accessed a pension,

SHOULD I INCREASE MY REGULAR PENSION CONTRIBUTIONS?

If you can't afford a lump sum payment but still want to save more for your future, consider increasing your regular contributions. This is an excellent habit to develop, as even small increases can accumulate over time when combined with tax benefits and potential investment growth. Additionally, regular contributions can benefit from pound cost averaging.

You can also make contributions to your spouse's or partner's pension. These contributions will count towards their annual allowance, not yours – so it's essential to make sure they have enough allowance left before making any payments on their behalf. You can contribute up to £2,880 a year to the pension of a non-earning spouse, partner or child which becomes a contribution of £3,600 into the pension with tax relief.

WHAT IS POUND COST AVERAGING?

Pound cost averaging involves investing smaller sums at regular intervals instead of a more significant amount as a lump sum. This strategy can reduce the risk and impact of investing a considerable sum just before potential market drops.

Let's say you have £12,000 to invest. If you put the entire amount into the market and then experience a 10% drop over the next year, your investment would decrease in value significantly. However, if you decide to invest £1,000 each month across the year and the

market experiences the same drop, you would buy into the market at a lower price each time. This means your overall investment may only decrease by 5% in total.

Of course, if the market rises instead of falls during that period, you'll make smaller profits than you would have with a lump sum investment. But it's important to remember that markets tend to recover long-term. While pound cost averaging might not necessarily yield better returns, it could make it easier for you to handle significant market drops.

It is a valuable investment strategy for those looking to minimise risk and manage the impact of market fluctuations. Investing smaller amounts at regular intervals can reduce losses and maintain a more balanced portfolio.

WHICH OPTION IS RIGHT FOR ME?

Deciding on the best pension strategy for your future can be daunting. Ultimately, your best choice depends on your financial situation, goals and risk tolerance. Take the time to assess your current circumstances and evaluate each option thoroughly. And keep in mind that the last day of the tax year is 5 April 2024; that's your deadline for maximising your pension annual allowance for the 2023/24 tax year. ◀

WANT TO GET YOUR RETIREMENT PLANNING ON TRACK?

By planning ahead and choosing the right strategy, you can secure a comfortable and financially stable retirement. We will dedicate our time, expertise and experience to creating a retirement plan centred on what you want your retirement to be. To discuss your options or to find out more, please get in touch with us.

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/// YOU CAN ALSO MAKE CONTRIBUTIONS TO YOUR SPOUSE'S OR PARTNER'S PENSION. THESE CONTRIBUTIONS WILL COUNT TOWARDS THEIR ANNUAL ALLOWANCE, NOT YOURS – SO IT'S ESSENTIAL TO MAKE SURE THEY HAVE ENOUGH ALLOWANCE LEFT BEFORE MAKING ANY PAYMENTS ON THEIR BEHALF.

USING YOUR **INHERITANCE EFFECTIVELY**

MAKING INFORMED DECISIONS ABOUT MANAGING THE FUNDS WISELY

Inheriting wealth can be both a blessing and a challenge. It presents an opportunity to improve your financial security and accomplish your goals but it also involves managing the funds wisely. Cash flow modelling is essential to help you make informed decisions about using your inheritance effectively.

Using investment growth, inflation and interest rates assumptions, cash flow modelling creates a comprehensive picture of your current and future financial situation.

ANALYSE YOUR FINANCIAL SITUATION

Create an individual cash flow plan: This involves thoroughly analysing your financial situation, goals and future needs.

Gather information about your current financial situation: This includes your income, expenses, assets (property, investments, pensions, etc) and liabilities (such as loans).

Establish an overview of your assets: Determine the value of your property, investments and savings. It's essential to have a clear understanding of your net worth.

Identify your financial goals and commitments: Consider short-term and long-term goals, such as saving for a house, funding your children's education or planning for retirement.

Create a lifetime cash flow model: Consider your goals and commitments – this plan should project your income, expenses, assets and liabilities over time. It will help you estimate your future cash flow and determine if you're on track to achieving financial independence.

Evaluate your risk tolerance and investment strategy: Assess whether your investment strategy aligns with your risk tolerance and financial goals. Adjust your portfolio as needed to ensure it's optimised for your needs.

Plan for potential risks and liabilities: Ensure you have adequate insurance coverage to protect against unforeseen events such as death or disability. Additionally, consider strategies to minimise tax liabilities for yourself and your beneficiaries.

Develop an investment strategy for inherited wealth, capital and surplus income: If you inherit wealth or have additional income, develop a plan to invest this money wisely to grow your assets and achieve your financial goals.

Monitor and review your cash flow plan regularly: Regularly update your cash flow plan to reflect changes in your financial situation, goals and market conditions. This will help you stay on track and adjust to maintain your financial independence.

By following these steps, you'll have a comprehensive cash flow plan that provides a clear picture of your current financial situation and helps you plan for your future needs and goals. This will enable you to make informed decisions about your finances and ensure you're on the path to achieving and maintaining financial independence.

HERE ARE SOME BENEFITS OF CREATING A CASH FLOW MODELLING PLAN WHEN MANAGING INHERITED WEALTH

CLARITY ON FINANCIAL GOALS

Having a cash flow plan helps you identify and prioritise your short- and long-term financial objectives, such as buying a house, starting a business or funding your retirement.

EFFECTIVE WEALTH MANAGEMENT

With a clear understanding of your financial situation, you can make better decisions about investing, saving and spending your inherited wealth, ensuring that it serves your needs and goals over time.

/// MONITOR AND REVIEW YOUR CASH FLOW PLAN REGULARLY: REGULARLY UPDATE YOUR CASH FLOW PLAN TO REFLECT CHANGES IN YOUR FINANCIAL SITUATION, GOALS AND MARKET CONDITIONS. THIS WILL HELP YOU STAY ON TRACK AND ADJUST TO MAINTAIN YOUR FINANCIAL INDEPENDENCE.

RISK ASSESSMENT
By analysing different scenarios and their potential impact on your finances, a cash flow plan enables you to assess and manage risks associated with investments and other financial decisions.

TAX PLANNING
Inheritance often comes with tax implications. A cash flow plan can help you understand your tax liabilities and plan accordingly to minimise the impact on your financial health.

RETIREMENT PLANNING
If you have long-term personal goals like funding your retirement, a cash flow plan allows you to see how much you need to save and what returns you need to achieve to meet those objectives.

ESTATE PLANNING
If you want to pass on wealth to your heirs, a cash flow plan can help you determine the most suitable strategies for preserving and distributing your assets following your wishes. ◀

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TIME TO PROVIDE A CLEARER PICTURE OF YOUR FINANCIAL SITUATION?
Creating a cash flow plan is a powerful tool for managing inherited wealth and ensuring it serves your short- and long-term goals. Providing a clear picture of your financial situation enables you to make informed decisions about investing, saving and spending, ultimately helping you achieve financial security and success. If you would like to find out more, please get in touch with us.

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ESTATE PLANNING IS NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

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THE IMPORTANCE OF **UNDERSTANDING TAX-FREE PENSION WITHDRAWALS**

MANY OVER-55s ARE UNAWARE THAT THEY CAN ACCESS 25% OF THEIR PENSION POT TAX-FREE

A surprising 43% of individuals over 55 need to be made aware that they can withdraw 25% of their pension pot tax-free, according to recent research[1]. Knowledge could lead to better decision-making when it comes to accessing pension savings.

Similarly, 52% of those surveyed between the ages of 50 and 54 were also unaware of this rule, indicating a widespread lack of understanding about pension withdrawal options.

MAXIMISING YOUR TAX-FREE PENSION WITHDRAWAL

The study found that among the 57% of over-55s who know about the tax-free pension withdrawal option, 21% have already taken advantage of this benefit, while 9% plan to do so in the future.

Most individuals who plan to take their tax-free lump sum did or will do so at retirement (69%). However, 16% have made or intend to withdraw at different points during retirement.

UNDERSTANDING THE VARIOUS OPTIONS AVAILABLE

The study emphasises the importance of understanding the various options available when withdrawing from your pension pot, including the 25% tax-free cash entitlement.

Considering factors such as whether to take the lump sum all at once or split withdrawals into smaller chunks over time and the potential implications and benefits of each approach are essential.

IMPORTANT QUESTIONS REGARDING TAX-FREE PENSION WITHDRAWALS

HOW MUCH CAN YOU WITHDRAW TAX-FREE?

Typically, most people can withdraw 25% of their total pension pot tax-free, although this may vary depending on the type of pension plan and if you've exceeded your lifetime allowance. The remaining 75% is subject to Income Tax when withdrawn.

WHEN CAN YOU ACCESS YOUR TAX-FREE LUMP SUM?

Generally, you can access your pension savings, including the tax-free lump sum, at age 55 (rising to 57 in 2028). In rare cases, you may be able to access your pension earlier due to ill health or a protected scheme.

CAN YOU TAKE THE LUMP SUM IN SMALLER AMOUNTS?

This depends on your pension product and its terms. Taking smaller withdrawals over time can be beneficial in most cases, as it allows for potential growth and tax-efficiency.

SHOULD YOU TAKE THE LUMP SUM IMMEDIATELY?

It's essential to consider the longevity of your pension savings throughout retirement. Taking too much too soon could result in running out of funds later in life. Delaying access to your savings may allow for additional growth.

ARE THERE ANY IMPLICATIONS TO BE AWARE OF?

Accessing your pension savings can impact state benefits, such as Universal Credit or Pension Credit. Additionally, taking a tax-free lump sum won't affect the amount you can contribute to your pension plan, but accessing taxable income may reduce your annual allowance.◀

LOOKING TO CREATE A SOLID RETIREMENT STRATEGY THAT ALLOWS YOU TO ACHIEVE YOUR DREAMS?

Understanding your pension withdrawal options and seeking professional guidance or advice will help you make informed decisions and maximise your retirement savings. To learn more about how we can help you, please don't hesitate to contact us.

Source data:

[1] Opinium conducted research among 2,000 UK adults aged 18+ between 12-16 May 2023 for Standard Life, part of Phoenix Group. Results have been weighted to be nationally representative.

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THE GENDER **PENSION GAP ISSUE**

73% OF WOMEN MAKE ONLY MINIMUM PENSION CONTRIBUTIONS, COMPARED TO 58% OF MEN

A significant difference in pension contributions between men and women has been revealed from a recent study[1], highlighting that women are more likely to pay the minimum required amount into their pensions under auto-enrolment.

According to a study, 73% of women contribute the minimum amount (5% of their salary, topped up with 3% from their employer), while only 58% of men do the same. Additionally, 25% of men regularly contribute more than the minimum, compared to 17% of women. Moreover, 10% of men occasionally make extra lump sum contributions, whereas only 5% of women follow suit.

WORKING DAYS FOR EXTENDED PERIODS

This disparity in contribution levels contributes to the UK's gender pension gap, which is estimated to have been nearly 40% in 2019/20[2]. Women not only contribute less as a percentage of their salary but are also 32%[3] more likely to reduce their working days for extended periods, affecting their earning potential.

Factors like falling below the auto-enrolment threshold, taking career breaks for motherhood or caring responsibilities, and long-term health conditions further impact women's financial futures.

CULTURAL SHIFTS IN RECENT DECADES

The difference in contribution levels will ultimately lead to financial inequality in retirement. Even though auto-enrolment has successfully brought over ten million people into the pension system, the current minimum contribution levels are insufficient for a comfortable retirement.

Life stages affecting women's earning power exacerbate the gender pension gap. Despite cultural shifts in recent decades, women still bear the brunt of caring responsibilities for children and vulnerable adults. The government's free childcare offerings may help improve the situation, but further expansion of the auto-enrolment scheme is necessary to make significant progress. ◀

WILL YOU ENJOY THE RETIREMENT YOU'VE BEEN DREAMING OF?

To enjoy the retirement you've been dreaming of and be in control of your retirement plan, feel confident you can stop working when you want to. Enjoy the retirement you deserve. To find out more, please speak to us.

Source data:

[1] Boxclever conducted research among 6,000 UK adults. Fieldwork was conducted 6 Sept - 16 October 2022. Data was weighted post-fieldwork to ensure the data remained nationally representative on key demographics.
[2] 'The Gender Pension Gap', House of Commons Library, 4 April 2022.
[3] 'Caught in a gap: the role of employers in enabling women to build better pensions', Phoenix Insights, December 2022.

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THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

SAVING FOR **RETIREMENT**

A DECADE-BY-DECADE GUIDE

Planning for retirement is essential to ensure you have the financial security to enjoy your golden years. As retirement can be a long way off, it's essential to start saving for retirement as early as possible.

To help you on your journey, here is a decade-by-decade guide to saving for retirement.

IN YOUR 20s: GETTING STARTED

Being in your 20s can feel like an exciting time to be alive but also daunting. It's never too early to start thinking about your financial future and setting yourself up for success.

With the proper knowledge and planning, you can easily create good savings habits that will set you on the path towards financial security. Start by setting realistic and achievable goals; whether they include buying a house, starting a business or taking out investments, having objectives in mind will help motivate you to save money now.

Creating a budget is also vital to staying on top of your finances. Knowing what expenses you have each month will help keep you organised and make sure there's enough left over to put aside for savings. Ensure you know about upcoming bills and other costs to build those into your budget.

At the same time, remember to enjoy life too! Set money aside to do things you love, such as travel or hobbies. By taking a balanced approach to saving, you'll be able to get the most out of your 20s while still investing in your future financial security.

- Develop good savings habits early in life.
- Budget for saving rather than saving what's left at the end of the month.
- Take advantage of tax-efficient ISAs and Lifetime ISAs.
- Participate in workplace pension schemes.

IN YOUR 30s AND 40s: DIALLING UP FOCUS

Another way to make the most of your 30s and 40s in the UK is to take advantage of salary sacrifice if offered by your employer. This is an excellent way to increase your pension contributions while reducing your tax bill. You can redirect this money into your pension pot by agreeing to accept a lower salary each month. This means that while you will be contributing more to your pension, it could leave you with an increased take-home pay as you'll be paying less National Insurance Contributions (NICs).

Salary sacrifice offers plenty of potential benefits, from reducing NICs payments, pushing back when it comes to paying higher rate tax and helping to maximise employer contributions. Additionally, if you have opted out of an employer pension scheme, you can opt back in and reap the benefits of salary sacrifice.

Obtain professional financial advice for more information on getting the most out of salary sacrifice in your 30s and 40s. We'll help guide you through any potential tax implications too.

- Consider salary sacrifice to maximise pension payments.
- Redirect bonus payments into your pension for a tax-efficient boost.
- Seek financial advice to ensure you're on track for a comfortable retirement.

/// YOU SHOULD ALSO ENSURE THAT YOU ARE UP TO DATE WITH ANY CHANGES IN THE LAW OR REGULATIONS THAT MAY AFFECT YOUR RETIREMENT AND PENSION SAVINGS.

IN YOUR 50s AND 60s: THE LAST STRETCH

As you enter your 50s and 60s, retirement becomes a reality. It is essential to consider the best time for you to retire and how much money you will need to do so. Remember that individuals aged 55 or over can start taking money from their pension. Starting from 6 April 2028, the average minimum pension age will increase to 57. This change may affect you differently depending on your birth date.

It is worth considering whether taking money at this stage is necessary for your circumstances, as it may impact any tax implications. Ultimately, careful planning and consideration throughout life will help ensure that you have enough money saved when the right time comes to retire.

You should also ensure that you are up to date with any changes in the law or regulations that may affect your retirement and pension savings. As well as seeking professional financial advice, it is a good idea to keep an eye on government announcements and stay informed about news related to pensions and retirement. This can help ensure you receive the best returns for your investments when the time comes to retire.

- Determine your retirement goals and assess your progress using online tools and calculators.
- Be cautious about taking money from your pension too early, as there could be tax implications.
- Use the government's free State Pension forecast tool to understand your expected State Pension.
- Top up your pension as much as possible before stopping regular income.

Remember, it's never too early to start saving for retirement. By following this decade-by-decade guide, you can work towards a secure and enjoyable retirement that you can look forward to. And don't forget, a 'flexi-retirement' approach is becoming more common, with many people continuing to work in some form during their retirement years. ◀

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READY TO TELL US ABOUT YOUR RETIREMENT GOALS?

Whether you want to grow your wealth for a retirement income or a legacy to pass on to future generations, we can help you set goals and achieve them. Please get in touch with us to tell us about your retirement goals and how we can help you.

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BONDS VS EQUITIES

WHERE SHOULD INCOME-SEEKERS TURN?

UK income-seekers often face the dilemma of choosing between bonds and equities for their investments. Both asset classes have their unique advantages and risks.

To make an informed decision, it's essential to understand the differences between the two and assess your risk tolerance, investment goals and time horizon.

BONDS

Bonds are fixed-income securities that governments, corporations or other entities issue to raise capital. They pay periodic interest (coupon) to bondholders and return the principal amount upon maturity.

Some key features of bonds include:

Lower risk: Bonds are generally considered less risky than equities because they provide regular income and a predetermined return on investment.

Stability: Bonds can add stability to your portfolio as their values tend to be less volatile than equities.

Predictable income: Bonds provide a predictable income stream through coupon payments, making them attractive for income-seeking investors.

However, there are some downsides to bonds:

Lower returns: Bonds typically offer lower returns than equities due to their lower risk profile.

Interest rate sensitivity: Bond prices are sensitive to interest rate changes, and rising rates can lead to capital losses.

Inflation risk: Inflation can erode the purchasing power of bond income, making it less attractive over time.

EQUITIES

Equities, or stocks, represent ownership in a company. You can benefit from the company's growth and profitability as a shareholder.

Some advantages of equities include:

Higher returns: Equities have historically provided higher long-term returns compared to bonds, making them more suitable for investors seeking capital appreciation.

Dividend income: Many companies pay dividends to shareholders, providing a source of income.

Inflation hedge: Equities can potentially outpace inflation over time, preserving the purchasing power of your investments.

On the other hand, equities come with their own set of risks:

Higher volatility: Equities can experience significant price fluctuations, leading to higher potential returns and losses.

Company-specific risks: The performance of individual companies can significantly impact your investment, making stock selection crucial.

DIVERSIFIED PORTFOLIO CONTAINING BOTH BONDS AND EQUITIES

For UK income-seekers, determining whether to invest in bonds or equities largely depends on your individual goals, risk tolerance and investment horizon. Bonds may be a better choice if you prioritise stability and predictable income. However, equities could be more suitable if you're willing to accept higher volatility for potentially higher long-term returns and an inflation hedge.

A diversified portfolio containing bonds and equities might be the best approach, as it can help strike a balance between risk and return while providing multiple sources of income. ◀

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READY TO DISCUSS YOUR LONG-TERM WEALTH PRIORITIES?

Family, retirement, personal goals and private ambitions. We can help you determine the most appropriate asset allocation for your needs and circumstances. Whatever your long-term wealth priorities are, tell us about your investment goals and how we can help you. Please get in touch with us.

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SHOULD I DELAY **MY RETIREMENT?**

DELAYING RETIREMENT COULD BOOST YOUR CHANCES OF A SECURE FINANCIAL FUTURE

With the persistently high inflation rate, it's crucial for individuals nearing retirement to evaluate the impact of escalating living expenses. Adjusting or postponing retirement plans may provide enhanced financial stability in your golden years.

Delaying retirement has various benefits for your financial future. It can provide more time to build up pension contributions, which can lead to a more significant income in later life, access to additional support from the government, and more extended periods for employers to contribute to workplace pensions.

CONSIDER YOUR CIRCUMSTANCES

On the other hand, there are some drawbacks to delaying retirement, including fewer years of employment for younger people entering the workforce, an additional taxation period and potential inflationary pressures on wages if salaries remain static over an extended period. It is also essential to consider your circumstances before deciding whether to delay retirement.

Factors such as your current health, lifestyle and financial situation should all be considered before deciding. Obtaining professional financial advice is essential to help you understand the implications of delaying retirement for your particular circumstances.

HERE ARE SOME REASONS WHY YOU MIGHT CONSIDER POSTPONING YOUR RETIREMENT

Increased State Pension: In the UK, you can defer your State Pension, resulting in a higher weekly payment when you later claim it. For every nine weeks you delay, your pension increases by 1%, which equates to just under 5.8% for each full year deferred[1].

Larger workplace pension: By working longer, you can continue contributing to your workplace pension, potentially resulting in a larger pension pot when you retire. Additionally, your employer's contributions and potential tax relief will continue to boost your savings.

Maximise personal savings: Delaying retirement allows you to save more money, providing a more substantial financial cushion when you eventually stop working. This extra time also gives your investments more opportunity to grow.

Pay off debts: If you have outstanding debts, continuing to work can help you pay them off more quickly, reducing the financial burden during your retirement.

Improved health and wellbeing: Studies have shown that staying in the workforce can positively impact your mental and physical health, contributing to a higher quality of life during retirement.

Social Security Benefits: If you're eligible for social security benefits from another country, delaying retirement might enable you to receive higher benefits based on your age and work history.

MORE TIME TO SAVE AND INVEST FOR LATER LIFE

Delaying retirement can give you more time to save and invest for later life. However, it is essential to weigh up the advantages and disadvantages carefully before deciding if this option is right for you. If you are considering delaying retirement, speak with us so that you can make an informed decision that aligns with your individual needs and goals. ◀

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TIME TO EVALUATE YOUR SITUATION BEFORE MAKING ANY DECISIONS ABOUT YOUR RETIREMENT PLANS?

Whether you should delay retirement depends on your circumstances, financial goals and overall wellbeing. It's essential to evaluate your situation carefully. Don't hesitate to contact us before deciding about your retirement plans and discussing your options.

Source data:

[1] https://www.gov.uk/state-pension

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INVESTING **MISTAKES TO AVOID**

ERRORS CAN HAVE LONG-LASTING CONSEQUENCES, SETTING YOU BACK FINANCIALLY

As individuals, we all have diverse visions for our future – some may be considering the forthcoming five years, while others may be focused on the next two decades. Regardless of your aspirations, ensuring that your investments are well positioned and diligently contribute toward achieving your desired outcome is crucial. Ultimately, making the most suitable choice for you and your objectives matters most.

Investing is necessary if you want to grow your money over time – the spending power of cash tends to go backwards because returns on it aren't enough to keep up with inflation.

Frequent mistakes can accumulate and potentially diminish your portfolio's worth. Perhaps you need to accurately assess the time frame required for your assets to grow, or your investment goals might not align with your current portfolio approach.

WHAT DO I NEED TO CONSIDER?

Inflation risk: Keeping all your money in a savings account can cause its value to erode due to inflation. Historically, investing in the stock market has been a more consistent way to combat inflation.

Emergency fund: Set aside an emergency fund, typically six months or more, to cover unexpected expenses without resorting to loans or selling devalued investments.

Tax matters: Utilise tax-efficient wrappers like Individual Savings Accounts (ISAs) or pensions to boost your finances and minimise tax liabilities.

Spread risk: Spread your investments across different asset classes, sectors and regions to minimise losses when one type of investment underperforms.

Five years or more: Invest for at least five years with a long-term perspective, allowing your money to recover from market downturns and grow in value.

Don't panic: Avoid panic-selling during market drops, as this could crystallise losses and cause you to miss out on potential gains.

A loss is a loss: Don't hold on to underperforming stocks in hopes of recovery; reinvest in better prospects for long-term gains.

Stay focused: Don't copy others' investment choices mindlessly, as they may not suit your circumstances.

Expert advice: Investing is complex and requires time, research and knowledge. Consider seeking specialist advice.

Learn from errors: Reflect on past investment decisions, both successful and unsuccessful, to avoid repeating mistakes in the future. ◀

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READY FOR A CONVERSATION ABOUT TAILOR-MADE INVESTMENT OPTIONS FOR YOU?

Obtaining professional financial advice will ensure you invest according to your individual needs and goals and make informed decisions. For a conversation about tailor-made investment options that suit your requirements, don't hesitate to contact us to learn more.

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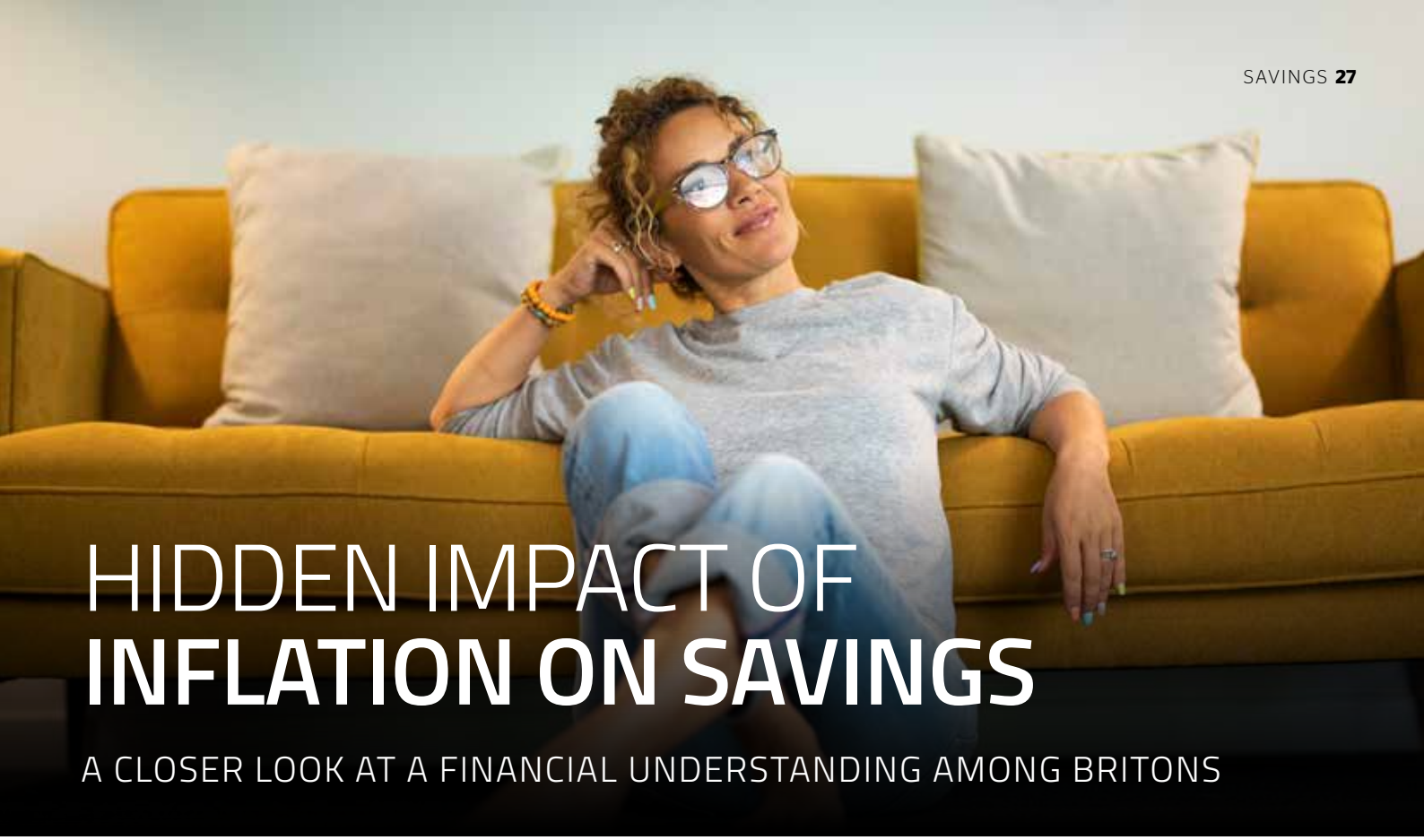

HIDDEN IMPACT OF **INFLATION ON SAVINGS**

A CLOSER LOOK AT A FINANCIAL UNDERSTANDING AMONG BRITONS

A recent study has revealed that over half of the British population may not fully comprehend the hidden impact of inflation on their savings and buying power[1]. The research explored participants' understanding of basic financial principles, including inflation, compound interest, risk and return, and the significance of life stages in financial planning.

Surprisingly, only 44% of respondents could accurately determine the buying power of money when considering both savings interest rates and inflation. This lack of understanding persisted even among those who rated their financial knowledge as 'very or moderately good', with only 50% answering correctly.

IMPACT OF COMPOUND INTEREST AND INFLATION ON SAVINGS

Moreover, fewer than four in ten (37%) participants grasped the concept of compound interest on savings. This figure rose to only 45% for those who considered themselves 'very' or 'somewhat' confident in their financial knowledge.

While it is encouraging that nearly six out of ten people believe they possess good financial knowledge, their confidence may be misplaced. Understanding the impact of compound interest and inflation on savings is essential, as these are crucial factors in making sound financial decisions.

RISKIER INVESTMENTS ARE LESS SUITABLE FOR OLDER INDIVIDUALS

The study also assessed participants' comprehension of fundamental investment principles, such as the relationship between risk and return and how risk profiles should change according to one's life stage.

Almost two-thirds of respondents understood that higher risk generally results in higher rewards, a percentage that increased to 71% among those who were confident in their financial knowledge. However, only 48% recognised that riskier investments are less suitable for older individuals, as they have less time to recover from potential losses.

REVIEWING FINANCIAL CHOICES AT DIFFERENT LIFE STAGES

This gap in understanding was more pronounced among younger age groups (under 44), with just 39% showing comprehension of the need to adjust risk profiles based on age. It is essential to review financial choices at different life stages or after significant life events to ensure they remain appropriate.

The study highlights the need for better financial education and awareness, as a lack of understanding can lead to poor financial decisions with long-lasting consequences. By improving our knowledge of essential financial principles, we can make more informed choices and safeguard our financial wellbeing for years to come. ◀

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READY TO BUILD YOUR FINANCIAL FUTURE WITH EXPERT ADVICE?

We'll help you shape your future and achieve your objectives with a robust financial plan customised to your needs. Navigating the complexities of ever-changing pension and tax regulations can be challenging without assistance. Investigating your choices, comprehending the specifics and devising a plan can be time-consuming and intricate. With our expertise and dedication to understanding your situation, we can confidently recommend the ideal solutions for you, ensuring that your financial future is well taken care of. For more information, don't hesitate to get in touch with us.

Source data:

[1] The research was conducted by Censuswide with 2004 18+ nat rep between 4/11/2022 and 7/11/2022. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles and are members of The British Polling Council.

ADJUSTING YOUR **INVESTMENT PORTFOLIO WITH AGE**

IS YOUR ASSET ALLOCATION ALIGNED WITH YOUR RISK TOLERANCE?

Your retirement portfolio serves as crucial financial support for an enjoyable retirement. Retirees with substantial portfolios may enjoy living off returns without touching the principal. However, those with smaller portfolios will likely need to access their funds eventually.

/// OVER TIME, YOUR PORTFOLIO'S ASSET ALLOCATION MAY SHIFT DUE TO MARKET FLUCTUATIONS. REBALANCING HELPS YOU MAINTAIN YOUR DESIRED ALLOCATION, ENSURING THAT YOUR INVESTMENTS ALIGN WITH YOUR RISK TOLERANCE AND LONG-TERM OBJECTIVES.

Seeking professional guidance on your investment objectives can offer valuable insights into the ideal frequency for rebalancing your retirement portfolio, ensuring that your asset allocation consistently aligns with your risk tolerance.

WHY REBALANCING IS IMPORTANT

MAINTAINING YOUR DESIRED ASSET ALLOCATION

Over time, your portfolio's asset allocation may shift due to market fluctuations. Rebalancing helps you maintain your desired allocation, ensuring that your investments align with your risk tolerance and long-term objectives.

MANAGING RISK

If left unchecked, your portfolio may become too heavily weighted in one asset class, exposing you to more risk than initially intended. Rebalancing allows you to redistribute your investments and maintain an appropriate level of risk.

OPPORTUNITY FOR REASSESSMENT

Regularly reviewing your portfolio allows you to re-evaluate your investment strategy and adjust as needed. This can be particularly important when your financial needs and goals may change during retirement.

HOW OFTEN SHOULD YOU REBALANCE

There is no one-size-fits-all answer to this question, as the ideal frequency will depend on your circumstances and preferences.

HOWEVER, SOME GENERAL GUIDELINES INCLUDE:

Annually: Rebalancing once a year is often sufficient for most investors. This allows you to take advantage of market performance while minimising the impact of short-term fluctuations.

Semi-annually or quarterly: Some investors may prefer to rebalance more frequently, such as every six months or quarterly. This can provide additional opportunities to adjust your portfolio and respond to changes in the market.

TIPS FOR REBALANCING YOUR PORTFOLIO

SET TARGET THRESHOLDS

Establish specific allocation targets for each asset class in your portfolio. When an asset class's weight deviates significantly from its target, it may be time to rebalance.

CONSIDER TRANSACTION COSTS AND TAXES

When rebalancing, be mindful of transaction costs and potential tax implications. These can eat into your returns if not managed carefully.

REMAIN DISCIPLINED

Stick to your rebalancing plan and avoid making impulsive decisions based on market movements or emotions. A consistent approach will help you stay on track with your investment goals.

REBALANCING YOUR PORTFOLIO DURING RETIREMENT

As time progresses, your personal risk tolerance and investment objectives will evolve. Adjusting your investment portfolio with age – particularly as you enter retirement – can help align your asset allocation with your risk appetite and investment goals. It's equally crucial to rebalance your portfolio during retirement.

Unlike younger investors, who can weather market fluctuations, retirees aim to safeguard their capital rather than maximise returns. In retirement, your risk tolerance is likely to be significantly lower than when you were employed and received a stable income. ◀

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WANT TO DISCUSS REBALANCING YOUR RETIREMENT PORTFOLIO?

Regularly rebalancing your portfolio during retirement is crucial for maintaining your desired asset allocation, managing risk and staying aligned with your financial goals. By following these guidelines, you can ensure your portfolio remains well positioned for success throughout retirement. For more information about your retirement, don't hesitate to contact us.

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TAX RELIEF MATTERS

HOW TO BUILD A BIGGER PENSION POT

If you're under 75 and have relevant UK earnings, you can benefit from tax relief when contributing to a personal pension like a Self-Invested Personal Pension Plan (SIPP) or workplace pension scheme within the annual allowance.

The government provides basic rate tax relief of 20% through 'relief at source,' which is claimed by the pension provider from HM Revenue & Customs (HMRC). For instance, if you invest £8,000 in your pension, the government adds £2,000, making your total contribution £10,000.

Higher and additional rate taxpayers can also reclaim further tax relief on their pension contributions. In the 2023/24 tax year, the higher rate tax starts at just over £50,000 of income per year, while the additional rate begins at £125,140. The tax rates for earned income at these levels are 40% and 45%, respectively.

This means that higher and additional rate taxpayers can reclaim an extra 20% or 25% on their pension contributions. Using the previous £10,000 example, these taxpayers may be eligible for an additional refund of up to £2,000 or £2,500, respectively.

TO CLAIM THIS RELIEF, FOLLOW THESE STEPS:

Contribute to a pension scheme: Ensure you're contributing to a registered pension scheme through your employer or a personal pension plan.

Check if you receive tax relief automatically: If you're part of an occupational workplace pension scheme, your employer might already deduct your contributions from your salary before applying tax. In this case, you'll automatically receive tax relief at your highest Income Tax rate. If your pension plan, workplace or not, is a personal pension, you will usually make your contributions from after-tax income but net of 20% basic rate relief. Any higher rates of relief need to be claimed from HMRC. If your contributions are made using salary sacrifice you won't need to claim any tax back as this is given to you automatically.

Claim additional tax relief through Self Assessment: If your pension provider claims tax relief for you at the basic rate, and you're a higher rate taxpayer, you'll need to claim the additional tax relief through a Self Assessment tax return (or tax code adjustment). Register for Self Assessment on the HMRC website and complete the form annually, declaring your pension contributions.

Adjust your tax code: If you don't want to file a Self Assessment tax return, you can contact HMRC to adjust your tax code to claim higher rate relief (but not additional rate relief). Provide them with details of your pension contributions and relevant information about your income. They'll update your tax code, and you'll receive the additional tax relief through your PAYE (Pay As You Earn) system. ◀

NEED SPECIFIC GUIDANCE ON YOUR RETIREMENT PLANNING SITUATION?

Remember, tax rules can change and individual circumstances may vary. It's always a good idea to consult us for specific guidance. To tell us about your situation or for advice, don't hesitate to contact us.

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