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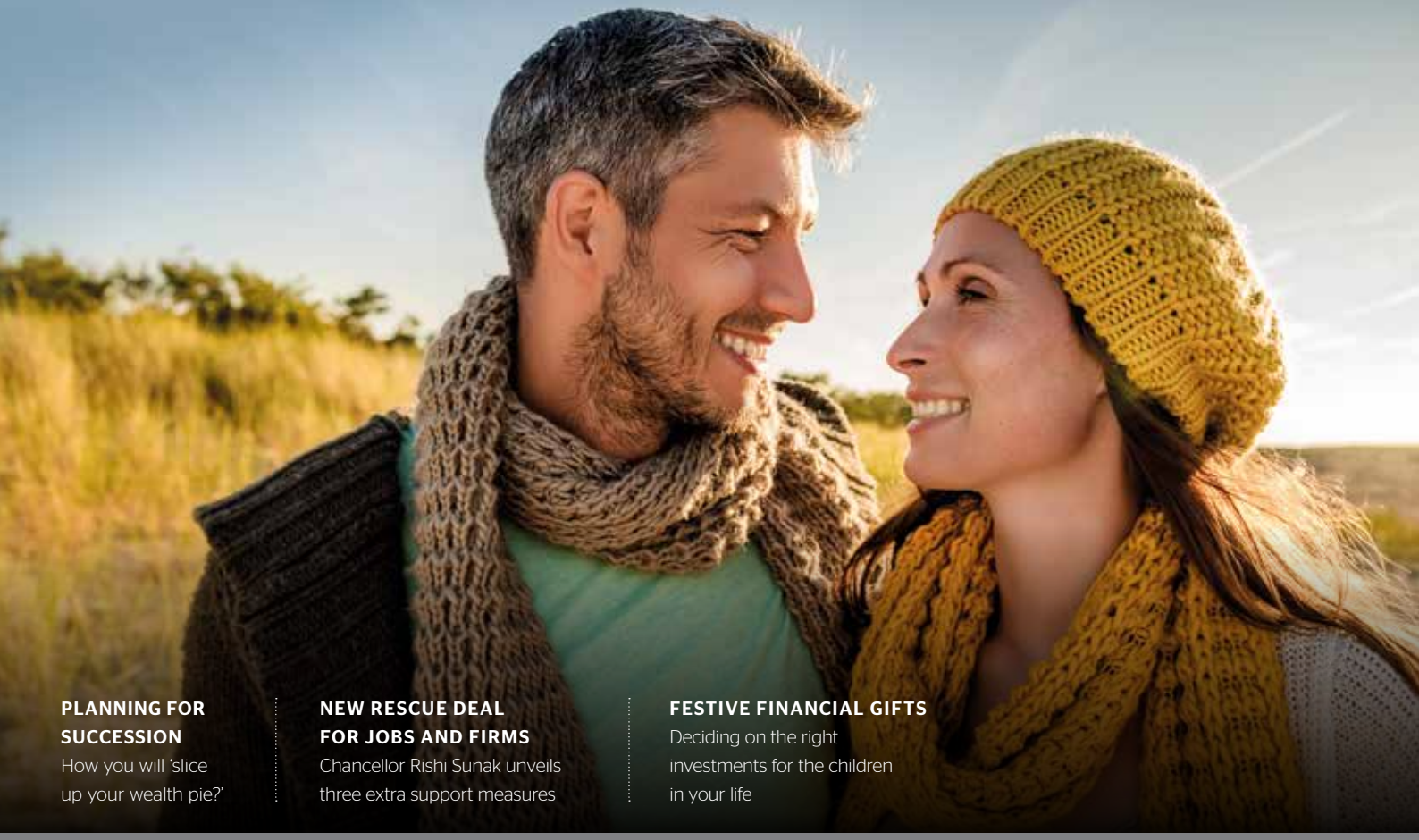
FINANCIAL ACTION PLAN

10 STEPS TO HELP YOU BUILD A BETTER FINANCIAL FUTURE



PLANNING FOR SUCCESSION
How you will 'slice up your wealth pie?'

NEW RESCUE DEAL FOR JOBS AND FIRMS
Chancellor Rishi Sunak unveils three extra support measures

FESTIVE FINANCIAL GIFTS
Deciding on the right investments for the children in your life

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INSIDE THIS ISSUE

Welcome to our latest issue. Inside, we look at a number of different topics to help you accomplish what matters most to you and your family as the festive period approaches.

In these uncertain times, it can help to focus on the things you can control. And working out what your money's doing for you now and where it might come from in the future can give you real peace of mind. On page 06, as another year rapidly draws to a close, many of us may already be starting to think about what resolutions we can make to improve our financial health in 2021. And even though we may resolve to improve our finances, it's knowing where to begin that's key.

For the first time in over a decade, the point at which people can claim a State Pension (the 'State Pension Age') is simple. If you have reached your 66th birthday, you can claim it. Otherwise you cannot. Men and women born between 6 October 1954 and 5 April 1960 start receiving their pension on their 66th birthday. For those born after that, there will be a phased increase in State Pension age to age 67 in 2028, and eventually age 68 from 2037. Turn to page 12 to find out more.

There is no easy way to say it – anticipating one's death is an uncomfortable topic. Yet it is often worth pushing past the initial discomfort to pursue the potential rewards of effective wealth transfer planning. On page 04 we consider the three places your assets can go at your death: to your family and friends, to charity or to the government in the form of taxes.

Chancellor of the Exchequer Rishi Sunak unveiled further support on 22 October 2020 for jobs and workers impacted by the coronavirus (COVID-19) restrictions. Announced alongside a package of business grants for companies in areas facing higher levels of coronavirus restrictions, the expansion comes after Mr Sunak first announced the Job Support Scheme (JSS) to replace furlough. Read more on page 05.

A full list of the articles featured in this issue appears opposite and on page 03.

YOUR LIFE, YOUR MONEY, YOUR PLAN

Whatever stage of life you're at, we can guide you through the opportunities and challenges you may face. We hope you enjoy this issue, and wish you pleasant reading.

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

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PLANNING FOR SUCCESSION

HOW WILL YOU 'SLICE UP YOUR WEALTH PIE'?

There is no easy way to say it – anticipating one's death is an uncomfortable topic. Yet it is often worth pushing past the initial discomfort to pursue the potential rewards of effective wealth transfer planning. There are three places your assets can go at your death: to your family and friends, to charity or to the government in the form of taxes.

Almost half of all Baby Boomers say they have enough personal wealth that they can afford to gift some of it away during their lifetime, new research shows[1]. The figures, collected by YouGov, show that 48% of Baby Boomers say they could afford to give money to family members before they die. Less than a third (29%) ruled it out, and 26% say they are unsure.

LARGER ONE-OFF WEALTH TRANSFERS

Of those who say they can afford to make lifetime gifts, 40% say they would favour multiple small gifts and a third (33%) would prefer larger one-off wealth transfers. A further 30% are unsure which would better suit their needs.

Despite the large number of people who estimate they can afford to pass some of their savings and assets to family members, government statistics suggest only between 31% to 39% of people aged 50-69 have ever given a financial gift. And just a small minority appear to have a plan for regular annual gifting, with just 15% of 50-59-year-olds having gifted in the last two years.

INTERGENERATIONAL FINANCIAL ADVICE

The statistics reveal the importance of wealth transfer planning and lifetime gifting advice. It is estimated that around £5.5trn of intergenerational wealth transfers will occur over the next 30 years[2]. An effective plan can lessen the likelihood of family conflict, reduce estate costs, reduce taxes and preserve wealth.

Obtaining professional intergenerational financial advice will increasingly become a key part of financial planning for the Baby Boomer generation. This generation has accrued significant personal wealth, having benefitted from rising house prices, stock market growth and the higher prevalence of generous pension schemes, and they want to give younger generations a financial boost.

LIFELINE FOR SOME YOUNGER PEOPLE

In contrast, younger generations often find themselves facing high house prices and the need to make significant personal contributions to their Defined Contribution pensions in order to secure a decent retirement fund.

Gifting between the generations will increasingly become a lifeline for some younger people as they struggle to get on the housing ladder, pay for school fees and deal with the ever-increasing expenses of living.

CAREFUL BALANCING ACT TO FIGURE OUT

Passing on wealth to the next generation is one of the most important yet challenging aspects of financial planning. It's vital that helping the younger generations doesn't come at the expense of your own retirement funds and so there is a careful balancing act to figure out if you can afford it. If you can afford to gift, it's vitally important to consider the various Inheritance Tax and gifting rules.

Despite this, there is still a clear 'gifting gap' between the number of people who can afford to gift and those who actually have a lifetime gifting plan in place. Gifting is a great way to help you make the most of your financial assets and enjoy seeing your life savings helping your children and grandchildren. ■

WEALTH TRANSFER PLANNING PROCESS

Establishing who gets what, how they get it, and when they get it, are, as a general rule, personal matters. But these decisions can have significant financial implications. Life events, as well as market and regulatory factors, can impact the wealth transfer planning process. Therefore, it is important for your wealth transfer plan to remain flexible and be revisited and adjusted periodically. Please contact us to discuss your plans.

Source data:

[1] Research commissioned by Quilter and undertaken by YouGov Plc, an independent research agency. All figures, unless otherwise stated, are from YouGov Plc. The total sample size is 1,544 UK adults, comprised of 529 Baby Boomers, 501 Generation Xers and 514 Millennials. Fieldwork was undertaken between 07/07/2020 – 08/07/2020. The survey was carried out online.

[2] Passing on the pounds – The rise of the UK's inheritance economy. Published May 2019. Author: Kings Court Trust

NEW RESCUE DEAL FOR JOBS AND FIRMS

CHANCELLOR RISHI SUNAK UNVEILS THREE EXTRA SUPPORT MEASURES

Chancellor of the Exchequer, Rishi Sunak, unveiled further support on 22 October 2020 for jobs and workers impacted by the coronavirus (COVID-19)

Announced alongside a package of business grants for companies in areas facing higher levels of coronavirus restrictions, the expansion comes after Mr Sunak first announced the Job Support Scheme to replace furlough.

JOB SUPPORT SCHEME (JSS)

The Chancellor announced changes to the Job Support Scheme (JSS) which replaced furlough in November. He told the Commons that even businesses not forced to shut were facing 'profound economic uncertainty'. Under the revised scheme, employers will pay less and staff can work fewer hours before they qualify. At the same time, the taxpayer subsidy has been doubled.

When originally announced, the JSS saw employers paying a third of their employees' wages for hours not worked, and required employers to be working 33% of their normal hours.

The JSS started to operate from 1 November and covers all Nations of the UK. For every hour not worked, the employee will be paid up to two-thirds of their usual salary.

The Government will provide up to 61.67% of wages for hours not worked, up to £1,541.75 per month. The cap is set above median earnings for employees in August at a reference salary of £3,125 per month.

The new announcement reduces the employer contribution to those unworked hours to 5%, and reduces the minimum hours requirements to 20%, so those working just one day a week will be eligible. That means that if someone was being paid £587 for their unworked hours, the Government would be contributing £543 and their employer only £44.

Employers using the scheme will be able to claim the Job Retention Bonus (JRB) for each employee that meets the eligibility criteria of the JRB. This is worth £1,000 per employee. Taking JSS-Open and JRB together, an employer could receive over 95% of the total wage costs of their employees if they are retained until February.

SELF-EMPLOYED GRANT

The announcement increased the Self-Employed Grant – the amount of profits covered by the two forthcoming Self-Employed Grants – from 20% to 40%, meaning the maximum grant will increase from £1,875 to £3,750.

The Government will provide two taxable Self-Employment Income Support Scheme (SEISS) grants to support those experiencing reduced demand due to COVID-19 but are continuing to trade, or temporarily cannot trade. It will be available to anyone who was previously eligible for the SEISS grant one and SEISS grant two, and meets the eligibility criteria.

Grants will be paid in two lump sum instalments, each covering three months. The first grant will cover a three-month period from the start of November 2020 until the end of January 2021. The Government will pay a taxable grant which is calculated based on 40% of three months' average trading profits, paid out in a single instalment and capped at £3,750.

The second grant will cover a three-month period from the start of February until the end of April 2021. The Government will review the level of the second grant and set this in due course.

This is a potential further £3.1 billion of support to the self-employed through November to January alone, with a further grant to follow covering February to April.

BUSINESS GRANTS

Mr Sunak has also announced approved additional funding to support cash grants of up to £2,100 per month primarily for businesses in the hospitality, accommodation and leisure sector who may be adversely impacted by the restrictions in high alert level areas.

These grants will be available retrospectively for areas who have already been subject to restrictions, and come on top of higher levels of additional business support for Local Authorities (LAs) moving into Tier 3 which, if scaled up across the country, would be worth more than £1 billion.

LAs will receive a funding amount that will be the equivalent of:

- For properties with a rateable value of £15,000 or under, grants of £934 per month
- For properties with a rateable value over £15,000 and below £51,000, grants of £1,400 per month
- For properties with a rateable value of exactly £51,000 and over, grants of £2,100 per month

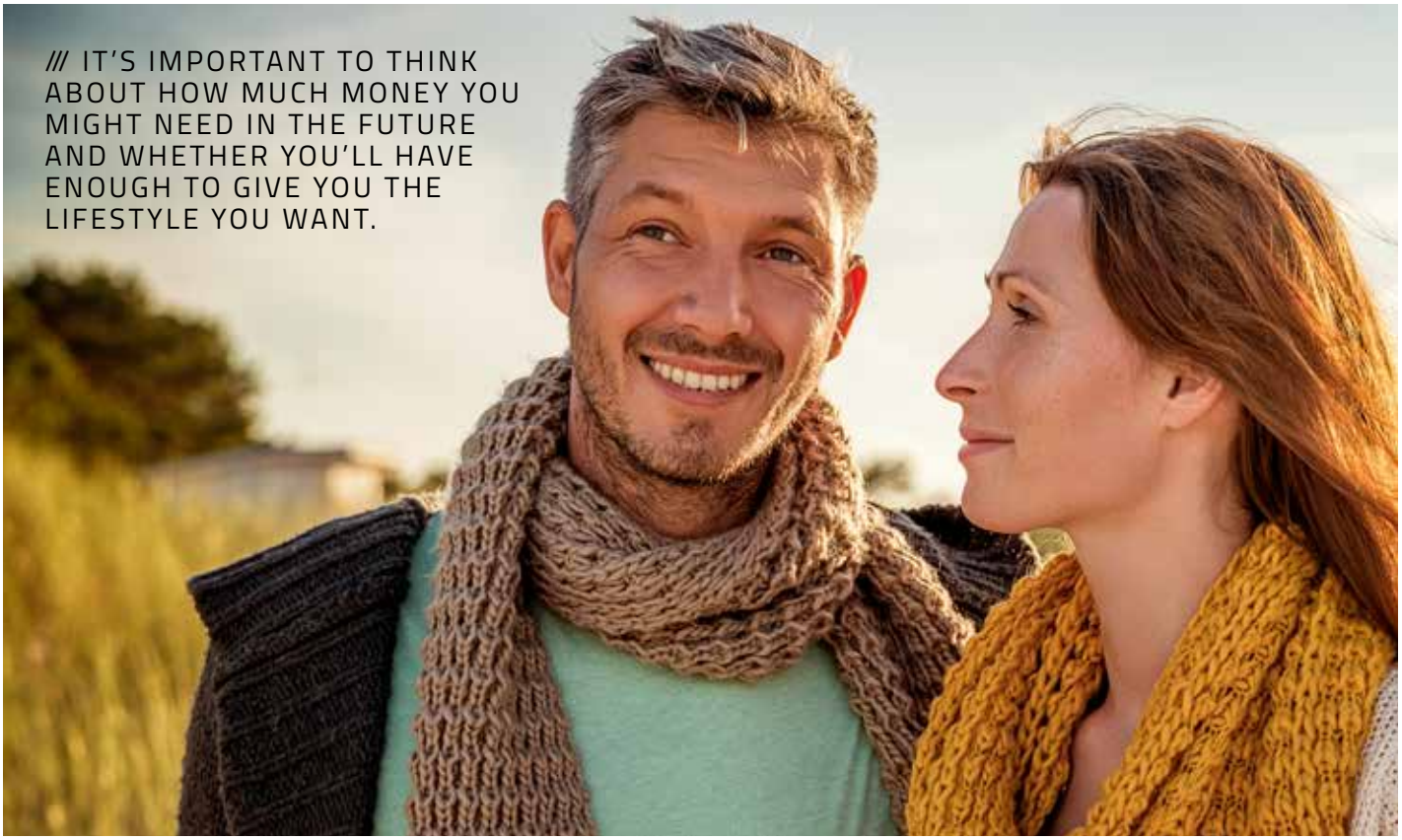
This is equivalent to 70% of the grant amounts given to legally closed businesses (worth up to £3,000/month). Local Authorities will also receive a 5% top up amount to these implied grant amounts to cover other businesses that might be affected by the local restrictions, but which do not neatly fit into these categories.

It will be up to Local Authorities to determine which businesses are eligible for grant funding in their local areas, and what precise funding to allocate to each business – the above levels are an approximate guide.

Businesses in very high alert level areas will qualify for greater support whether closed (up to £3,000/month) or open. In the latter case support is being provided through business support packages provided to Local Authorities as they move into the alert level. The Government is working with local leaders to ensure the very high alert level packages are fair and transparent. ■

MAKING GOOD DECISIONS IN UNPRECEDENTED TIMES

During these challenging times, making good financial decisions can feel overwhelming. If you're experiencing a change in your financial circumstances due to coronavirus (COVID-19), we are here to guide you and support you with professional financial advice. Please contact us to see how we can help.



FINANCIAL ACTION PLAN

10 STEPS TO HELP YOU BUILD A BETTER FINANCIAL FUTURE

In these uncertain times, it can help to focus on the things you can control. And working out what your money's doing for you now and where it might come from in the future can give you real peace of mind.

As another year rapidly draws to a close many of us may already be starting to think about what resolutions we can make to improve our financial health in 2021. And even though we may resolve to improve our finances, it's knowing where to begin that's key.

1.

SHOW ME THE MONEY

The first step to getting your finances on track is to know where your money is going. But that isn't always obvious. Tracking your expenses can keep your spending on a parallel track with your income and help you avoid overspending. This goes hand in hand with setting up a budget. You may have a good handle on your monthly bills, but what about your daily expenses? You may be surprised by how much money you spend on smaller items. Review all of your expenses for ways to cut back, and then decide what to do with the extra money. Set specific goals, such as building an emergency savings fund, paying off your credit card bills or increasing your retirement savings.

2.

REDUCING BORROWING

Next make a list of all the borrowing you have – including mortgage, personal loans, store cards, credit cards and bank overdrafts. Calculate the amount you owe and remember that you should update this as the year progresses to track your progress. If you cannot reduce your overall borrowing, then you need to ensure you are paying as low an interest rate as possible. This may mean switching credit cards or mortgages, or consolidating various borrowings into one loan.

3.

TAX REALLY MATTERS

There are plenty of tax allowances to make use of each financial year – remember this runs from 6 April to 5 April the following year – so it's worth being aware of which annual allowances you can benefit from. All tax rates quoted in this article are applicable to the current 2020/21 financial year.

One of the most popular ways to save tax is by fully utilising your individual annual Individual Savings Account (ISA) allowance, which is £20,000. You may save or invest your ISA allowance into one or more different ISAs, or you can put up to £4,000 into a Lifetime ISA (you must be aged 18 or over but under age 40 to open a Lifetime ISA). You won't pay income tax, dividend tax or capital gains tax on the proceeds of any investments you hold within an ISA.

In addition, investors have a £2,000 tax-free dividend allowance held outside of an ISA. Basic-rate taxpayers pay 7.5% on dividends. Higher-rate taxpayers pay 32.5% on dividends. However, if your dividend income is above this amount, investing in an ISA could give you the benefit of additional tax-efficient payments.

If you are a basic-rate taxpayer the Personal Savings Allowance (PSA) permits you to earn up to £1,000 interest on your savings without paying any income tax on it. If you are a higher-rate taxpayer you have a PSA of £500 before you pay tax, while additional-rate taxpayers who earn over £150,000 do not qualify for the PSA. ISAs may remain worthwhile for those additional-rate taxpayers who don't qualify, or who have a large amount of savings and have used up the PSA.

If you have investments held outside a pension or ISA, these will usually be subject to capital gains tax when they are sold or given to someone other than your spouse. The gain is usually calculated as the sale proceeds less

purchase cost from assets and is taxable at 10% (basic-rate taxpayers) or 20% (higher and additional-rate taxpayers) except for residential property, where the rates are 18% and 28%.

Everyone has an annual tax-free capital gains allowance, currently £12,300. Gains up to this amount can be realised tax-free. If an asset is held jointly with a spouse, both can use their annual exemption against the gain, effectively doubling the tax-free allowance amount.

However, remember that tax rules can change in the future and their effects depend on your particular circumstances, which can also alter over time.

4.

GOOD INVESTING HABITS

Investing money regularly, instead of as a one-off lump sum, can reduce the impact of a market downturn on your portfolio. If you are looking for a smoother ride during volatile markets, pound-cost averaging – where money is drip-fed into the market over time – may be an appropriate option. Steady, regular investments can provide you with some protection in case of sudden market corrections.

Given that we don't know what markets will do from day to day or month to month, this stops you from investing all of your money at a peak and maximising losses. Some of your money will be invested when markets are down, so when they recover you are rewarded. Over the longer term, investing monthly averages out the highs and lows.

5.

PENSION SAVINGS BOOST

It's important to think about how much money you might need in the future and whether you'll have enough to give you the lifestyle you want. Making the right choices now could make a big difference to how much money you have in the future and saving into a pension plan could help you achieve the lifestyle you would like.

Even if you feel that your savings are on track to live comfortably in retirement, you can still top up your pension plan to help give your savings a boost and increase your potential wealth in retirement.

One of the great things about saving into some pension types is the tax relief you can receive. This means that if you're a basic-rate tax payer, for every £100 saved into your pension the cost to you is only £80. This could effectively be even less if you're a higher or additional-rate tax payer.

Tax rules may be altered in the future, and their effect depends on your personal situation, which can also change. Bear in mind, too, that you can't ordinarily draw benefits from a pension arrangement until you are aged at least 55 (rising to 57 by 2028), so this is a long-term investment.

6.

FOCUS YOUR GOALS

Did you start 2020 with plans to save and invest more money and reduce borrowings, but lost your way? Refocusing your finances and recommitting to financial goals can seem challenging, especially during the coronavirus (COVID-19) pandemic, but it's not a lost cause.

Focus on making several small, short, achievable financial goals. By setting smaller goals and achieving them one at a time, you're more likely to stay motivated and reach them.

Remember, yesterday is done and gone. You cannot change what you did yesterday, whether you made good choices or bad ones. But you can change what happens today. Being clear on your financial goals is essential to making the most of your money. Making decisions with a clear endpoint in mind can make it easier to achieve financial security and independence and allow you to enjoy the life you want.

7.

STICK TO YOUR PLAN

As governments around the world take further action to stem the spread of coronavirus, stock markets continue to react with increased volatility. During any period of volatility, thinking about your reasons for investing and what you ultimately plan to do with your money is important. But market volatility is unavoidable and is part of market behaviour. Markets move through stages of growth, slowing down and speeding up. Unfortunately, the timing of those cycles can be unpredictable.

Selling out in fear can be the worst thing to do. Large falls can often be followed by large rises, leading to the risk of losing on both sides – selling when prices are depressed and not buying in until they have moved higher. Avoid the daily monitoring of investments during falling markets as this can result in an over-emotional reaction and lead to making irrational decisions.

8.

SMOOTH OUT RETURNS

When it comes to investing, you need to take on some risk in order to generate a return. One of the best ways to control that risk is through something called 'diversification'. 'Don't put all your eggs in one basket' is a common expression. This means ensuring that you spread your capital amongst different investments so that you're not reliant upon a single investment for all of your returns.

Different types of investments perform in different ways over time. When some rise in value, others are not changing or decreasing. So diversification helps to smooth out your returns. The key benefit of diversification is that it helps to minimise risk of capital loss to your investment portfolio.

9.

DISCUSS YOUR CONCERNS

When faced with certain choices and in the midst of volatile periods, some people may understandably fall prey to their stock market emotions and make decisions that are not in their best long-term financial interest. But it's natural to feel worried.

Even experienced investors steeped in the market's historical cycles may feel torn between emotions and knowledge. That's why having a professional financial adviser, who can advise you before making any decisions, is key. This will enable you to discuss your concerns to help keep those market emotions in check and work together to ensure your long-term investment strategy remains on track.

10.

REINVEST DIVIDENDS

Dividends are payments of some of the profits made by a company to its shareholders. They are not guaranteed, and are at the discretion of the company, but when they are paid, you have the option to reinvest them into more of that company's shares. Reinvesting dividends provides benefits that shouldn't be ignored.

In a current era of low interest rates, investors need to use every tool they can to make the most of their money. Reinvesting dividends can add significant wealth over normal investment returns and is one of the most powerful tools available for boosting returns over time. Those seemingly small amounts reinvested can grow into much larger amounts when used to buy even more shares of stock that can pay further dividends in turn. ■

BRINGING YOUR FINANCIAL PLANS TO LIFE

Planning for a successful future means different things to different people. Whatever your plans, expert professional financial advice can help bring them to life. As the impact of coronavirus is felt across the UK, you may have concerns about how it could affect you and your money. Please contact us to find out more or discuss your future plans with us.

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GROW YOUR MONEY

INVEST IN A BETTER FUTURE

Retirement planning is one of the most important investments you can make towards your retirement, to ensure you experience the quality of life you want in later years. But millions of retirement savers are unaware that they are sitting on a powerful weapon that could be used to fight climate change and other environmental problems – their pension pot.

The trend towards sustainable investing continues to gather momentum, as people seek not just financial returns, but also to make a positive contribution to the world. Often investors look to achieve this with funds that screen out companies that do not meet a certain threshold of sustainability, or by focusing on specific ESG (Environmental, Social & Governance) themes.

EFFECTIVE WAYS TO INVEST SUSTAINABLY

The three pillars of ESG investing combine to define what most people would categorise as good business practice. Environmental issues cover how companies interact with the environment; Social issues cover companies' conduct towards their internal and external communities; and Governance issues cover how companies behave in their business activities.

A new survey[1] has revealed that the majority of UK savers are missing out on one of the most effective ways to invest sustainably – through their pension. More than two thirds (68%) of pension holders were not aware about how sustainable their pension was and just one in ten (13%) thought it was easy to make sure their pension was environmentally friendly.

OPTIONS TO MANAGE PENSION FUNDS

Sustainable investing is important to people regardless of gender, age and income. At least a third (36%) of people in every age group, aged 18-65 and over, said that having options to invest their pension only in sustainable companies matters to them. Despite the rise in popularity, savers still believe it is complex and that there is a lack of guidance.

Nearly two thirds (61%) of people said it was important to have clearly branded fund options which allow them to invest only in environmentally and socially responsible companies. Two thirds (65%) of pension holders said they do not actively make choices about where their pension is invested, and one in ten were unaware that they have any options to manage their pension funds at all[2].

MAKING SUSTAINABLE FUNDS CLEARER

However, over half (56%) said a fund themed around clean energy and low-carbon transition would make them more interested in their pension, while 54% said the same of a zero plastic themed fund. For younger savers, easier responsible investing could have an even bigger impact. Two-thirds (67%) of 18-34-year-olds said they would invest their money in a fund focused on clean energy.

With just under half (48%) of people unaware that there are ways to ensure their pension is environmentally friendly, making sustainable funds clearer and more accessible will benefit not only the environment, but also people's financial future. ■

LOOKING TO INVEST FOR IMPACT?

This year we've seen changes to the way we live, work and travel - giving many the time to reflect on the real impact we're having on our planet and society. However, even if it's something you think about with your investment portfolio, you may not have factored in your pensions. To find out more or discuss your requirements, please contact us for further information.

Source data:

[1] Survey for Scottish Widows conducted between 21 and 30 April 2020 online via the Toluna Panel of 1,346 UK residents aged 18-60 currently contributing to a pension that is not exclusively a final salary policy. Data weighted to be nationally representative.

[2] Research was carried out by YouGov Plc across a total of 5,757 adults aged 18+. Data was weighted to be representative of the GB population. Fieldwork was carried out 26 March – 11 April 2020.

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INVESTING PRINCIPLES

FOCUS ON WHAT YOU CAN CONTROL

The deep global economic shock and uncertainty surrounding the coronavirus (COVID-19) pandemic has made everyone rethink their finances and investments, making it clear that financial security is more important than ever to our overall well-being.

While it's almost impossible to plan for a global pandemic, you should still have an investment strategy that grows with you throughout different life stages. Investing is a crucial part of any financial plan.

If you're considering investing, whether for the first time or expanding your current portfolio, there are some key things to remember. However experienced or sophisticated an investor you are, these are some basic principles that apply.

ESTABLISH A FINANCIAL PLAN BASED ON YOUR GOALS

You have dreams of the life you have yet to live. Dreams that may include a nice home, travel to exotic places, and the time and money to live comfortably so you can look back and appreciate all that you have done. Whatever your goals may be, it is important to revisit your goals at regular intervals to account for any changes to your personal circumstances. Successfully achieving your investment goals doesn't happen by chance. It needs vision, a long-term commitment and the help of professional financial experts to create and execute your strategy

UNDERSTAND THE REASONS WHY YOU ARE INVESTING

Start by thinking about your objectives and why you want to invest. The stock market tends to produce higher returns than a savings account in the long run because the interest rates on cash – and these are particularly low at the moment – don't normally match the growth potential of shares. It's important to consider how to maximise what you can afford to invest and how much time you need to remain in the market. Don't try to time the markets, it's nearly impossible.

TIME-FRAME AND RISK TOLERANCE FOR DIVERSIFICATION

Diversification is an investment strategy wherein you spread your portfolio holdings across various types of assets throughout different sectors, and even in different countries. You need to know your comfort level with temporary losses and understand that asset classes behave differently. Don't chase past performance. Remember, when you plan for a longer time-frame, you can take more risk with your investment. So it is crucial to consider the time-frame and risk tolerance for diversifying your portfolio.

MINIMISE TAXES TO MAXIMISE RETURNS

Every investment has costs. Of all the expenses, however, taxes can have the greatest impact and take the biggest slice out of returns. The good news is that tax-efficient investing can minimise the tax burden and maximise returns. Remember, the higher your tax bracket, the more important tax-efficient investing becomes. The difference between pre-tax and post-tax investment returns can be substantial, and without a carefully planned tax-efficient investment strategy high earners in particular run the risk of facing formidable tax liabilities. Markets may be uncertain, but taxes are certain – so pay attention to net returns to minimise taxes and maximise returns.

DON'T JOIN THE HERD AND REACT TO MARKET NOISE

Investing comes with risks. Anyone who says otherwise is mistaken. But there are also risks in not investing – inflation being the most obvious. One of the keys to investment success is to avoid the noise from the plethora of omni channel media sources. It's easy to join the herd and react to market movements and short-term news flow. Investors are continually bombarded with headlines, charts and financial data over the internet and the press. Being bombarded with this information can evoke strong emotional responses from even the most experienced investors. Ignore this noise and your odds for success increase. ■

TIME TO TAKE A FRESH LOOK AT YOUR FINANCES?

Planning your investment goals is essential if you're going to have a real chance of achieving them. A financial review is a great way to take a fresh look at your finances and plan for the journey ahead. More importantly, it enables you to talk through your long-term financial objectives and discuss with us a way forward to deliver your plan to achieve them. Contact us to find out more.

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FESTIVE FINANCIAL GIFTS

DECIDING ON THE RIGHT INVESTMENTS FOR THE CHILDREN IN YOUR LIFE

As the festive season approaches, have you thought about gifting your children or grandchildren something different this Christmas? Giving them a good start in life by making investments into their future can make all the difference in today's more complex world.

/// INVESTING SOME MONEY – EITHER AS A ONE-OFF LUMP SUM OR ON A REGULAR BASIS – IS AN IDEAL WAY TO GIVE A CHILD A HEAD START IN LIFE.

Many parents and grandparents want to help younger members of the family financially – whether to help fund an education, a wedding or a deposit for a first home. Christmas is a time for giving so what better gift to make to your children or grandchildren than a gift that has the potential to grow into a really useful sum of money.

There are a number of different ways to get started with investing for children that could also help you benefit from tax incentives to reduce the amount of tax paid, both now and in the future. Don't forget that tax rules can change over time so it is important to obtain professional financial advice before making financial decisions.

OWNERSHIP OF THE INVESTMENTS

Investing some money – either as a one-off lump sum or on a regular basis – is an ideal way to give a child a head start in life. There are a number of options available when it comes to ownership of investments for a child. Children receive many of the same tax-efficient allowances as adults, so it's a good idea to consider specialist child savings accounts.

Some people prefer to keep investments for children in their name; that way, if a future need arises in which you require access to the funds, it is still available to you as it has not yet been transferred to the child.

If you retain personal ownership of the investment, it will be your tax rates that apply as opposed to the child's. If the investment remains in your estate upon death, more taxes could be payable, so be aware of this.

BARE TRUSTS

You can hold investments for your child in a bare trust or designated account. Bare trusts allow you to hold an investment on behalf of a child until they are aged 18 years (in England and Wales) or 16 (in Scotland), when they'll gain full access to the assets.

Bare trusts are popular with grandparents who would like to invest for their grandchild, because the investments and/or cash are taxed on the child who is the beneficiary. This is only the case if you are not the parent of the child. If you are and if it produces more than £100 of income it will be treated as yours for tax purposes.

Grandparents can contribute as much as they like as there is no limit to how much can be invested each year into this type of account. This can be a beneficial way of reducing a potential Inheritance Tax bill if a grandparent would like to make gifts to a child.

DISCRETIONARY TRUSTS

A discretionary trust can be a flexible way of providing for several children, grandchildren or other family members. For example, you might set up a trust to help pay for the education of your grandchildren. The trust deed could give the trustees discretion to decide what payments to make, depending on which children go to university, what financial resources their families have and so on.

A discretionary trust can have a number of potential beneficiaries. The trustees can decide how the income of the investment is distributed. This type of trust is useful to give gifts to several people, such as grandchildren. However, it's worth keeping in mind that the tax rules can become complex when using a discretionary trust and the investment and distribution decisions are taken by the trustees (of which you can be one).

JUNIOR ISAS

If you want to ensure the money you give to your children remains tax-efficient, a Junior Individual Savings Account (JISA) is available for children born after 2 January 2011 or before 1 September 2002 who do not already hold a Child Trust Fund.

The proceeds are free from income tax and capital gains tax and are not subject to the parental tax rules. They have an annual savings limit of £9,000 for the current tax year which runs from 6 April to 5 April the following year.

A child can have both a Junior Stocks & Shares ISA and a Junior Cash ISA. From the age of 16, children can have control over how their JISA is managed, but cannot withdraw from it until the age of 18.

CHILD JUNIOR SIPPS

It is never too early to start saving for retirement – even during childhood. While it may seem a little early to be thinking about retirement as the parent of a child, it's worthwhile. The sooner someone starts saving, the more they will gain from the effects of compounding. There are significant benefits to setting up a pension for a child. For every £80 you put in, the Government will top it up with another £20, which is effectively free money.

A Junior Self-Invested Personal Pension Plan (SIPP) is a personal pension for a child and works just like an adult one. Parents and grandparents can save up to £2,880 into a SIPP for a child each year. What's great about this gift is that the Government will top it up with 20% tax relief. So you can receive up to £720 extra, boosting the value of your present to £3,600. This can help a child to build a substantial pension pot if payments are made every year.

But while starting a pension for your child or grandchildren will benefit them in the long run, you need to consider that they won't be able to access their money until they are much older. ■

PLANNING TO GIVE THE CHILDREN IN YOUR LIFE A FINANCIAL GIFT THIS CHRISTMAS?

A gift of money to your children or grandchildren at Christmas can be a wise choice, especially if you take a long-term approach. Many families want to give their children or grandchildren a head start for their future finances. When it comes to investing for children, tax can make a big difference to returns over the longer term. We can help you decide on the right investments for the children in your life. Please contact us to discuss the options available.

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STATE PENSION AGE RISES

HOW COULD THE CHANGE IMPACT ON YOUR RETIREMENT PLANS?

For the first time in over a decade, the point at which people can claim a State Pension (the 'State Pension Age') is simple. If you have reached your 66th birthday, you can claim it. Otherwise you cannot.

/// THE CORONAVIRUS (COVID-19) CRISIS HAS LED MANY PEOPLE TO RECONSIDER RETIREMENT PLANS, ESPECIALLY THOSE WHO FEEL THEY ARE MORE AT RISK FROM THE OUTBREAK.

Men and women born between 6 October 1954 and 5 April 1960 start receiving their pension on their 66th birthday. For those born after that, there will be a phased increase in State Pension age to age 67 in 2028, and eventually age 68 from 2037.

'TRIPLE LOCK' PLEDGE IS SAFE

Back in 2010, women could claim their State Pension from age 60, while men could claim theirs at age 65, but in 2018 women had their State Pension age increase to age 65 too. Further increases to the pension age are also expected for younger generations.

It comes as the Chancellor, Rishi Sunak, vowed the 'triple lock' pledge is safe. Mr Sunak said: 'We care very much about pensioners and making sure they have security and that's indeed our policy.'

INCREASING AS PEOPLE LIVE LONGER

Under this pledge, the State Pension increases each year in line with the highest of average earnings, prices (as measured by inflation) or 2.5%. The full State Pension for new recipients is worth £175.20 a week. To receive the full amount, various criteria including 35 qualifying years of National Insurance, must be satisfied.

The age at which people receive the State Pension has been increasing as people live longer, and the Government has plans for the increase to 68 to be brought forward. However, the increases have been controversial, particularly for women who have seen the most significant rise.

PEOPLE RECONSIDER RETIREMENT PLANS

Women born in the 1950s have been subjected to rapid changes and those involved in the WASPI (Women Against State Pension Inequality) campaign lost their legal challenge, claiming the move was unlawful discrimination.

The coronavirus (COVID-19) crisis has led many people to reconsider retirement plans, especially those who feel they are more at risk from the outbreak. Former pensions minister Ros Altmann argued that the crisis meant there was a 'strong case' for people to be given early access to their State Pension, even if it were at a reduced rate. She also pointed out the large differences in life expectancy in different areas of the UK.

FUTURE FOR BOTH IS NOT ENTIRELY CLEAR

Millions of people who will rely on their State Pension in retirement need to know two things: how much will they receive, and when. The future for both is not entirely clear. Firstly, the age at which the State Pension begins has been rising, and will continue to do so.

Secondly, there is always plenty of debate over the future of the triple lock – the pledge to ensure that the State Pension rises by a minimum of 2.5% each year.

LONG-TERM FINANCIAL PLANNING

And if young workers think this has nothing to do with them, they should think again. How long we work before we receive state financial support in retirement is a vital issue for long-term financial planning.

Younger workers have also been urged by pension providers to consider their retirement options, with a strong likelihood of State Pension age rising further as time passes.

A TIMELY REMINDER TO EVERYONE

The increase to the State Pension age provides a timely reminder to everyone to check their pension pots and ask themselves whether the savings they've built up are enough for the kind of life they want in retirement.

As average life expectancy continues to increase, the State Pension age will inevitably follow suit. This means younger savers need to plan and assume they might not reach their state pension age until 70 or even beyond. Anyone who aspires to more than the bare minimum in retirement needs to take responsibility as early as possible to build their own retirement pot. ■

DON'T KNOW WHERE TO START?

It's important to think about how much money you might need in the future and whether you'll have enough to give you the lifestyle you want. You might be eligible for the State Pension but can you manage on this alone? Also, you may want to retire before your State Pension age. To discuss your retirement planning options – please contact us.

‘FUTURE SELF’

BOOSTING FUTURE RETIREMENT SAVINGS

Young people are faced with a unique set of challenges when it comes to saving for retirement. One of these is perception. They can often think of their ‘future self’ as a different person and so may prefer holding on to their income for more immediate priorities, like a first home deposit, rather than saving for someone they perceive as a stranger.

/// MOST PEOPLE WANTED TO RETIRE BY 64 AT THE LATEST (63%) BUT EXPECTED IT TO BE MUCH LATER. IN FACT, OVER ONE IN FIVE (21.9%) EXPECT EITHER TO RETIRE AFTER 70 OR NEVER ACTUALLY STOP WORKING.

A new study has revealed how nearly two million younger people could have an extra £7,000 a year in retirement income, simply through a series of small behavioural nudges[1].

Getting young people to picture their 'future self' and introducing simpler pension labels to link contribution levels and retirement income were just two small changes that were shown to boost future retirement savings by up to £142,450 amongst those under the age of 30.

The study looked to understand what motivated younger people to save more, particularly at a time when their immediate economic outlook may look bleak. The process included psychological testing by the Behavioural Insights Team (BIT) with around 3,000 22 29 year olds across the UK to learn more about their attitudes, confidence and expectations around their future finances.

The experiment tested different approaches in an attempt to identify what small 'nudges' could make the biggest difference to those who had pointed to a lack of awareness of pensions and information on how to change their contributions.

SMALL 'NUDGES' COULD MAKE THE BIGGEST DIFFERENCE

1. Labelling makes a difference: By including tangible explanations, such as 'a 12% contribution would keep you above the poverty line' and 'a 15% contribution would allow for a comfortable retirement', twice as many young people would recommend almost doubling pension contributions from the default minimum of 8% to 15%.

2. Reframing investments over savings: When participants were asked how much to 'invest' in their pension as opposed to how much they should 'save' – the amount they recommend someone puts aside shot up by a third (34%).

3. Prompts drive engagement: Once young people start actively thinking about their future, they'll care more about their retirement prospects. After answering a set of questions about where they see themselves in the future, the number of participants who want to raise their pension contributions increased by 11%, equivalent to 800,000 young people saving more.

PERSISTENT PROBLEMS OF PESSIMISM AND DISENGAGEMENT

Research carried out alongside the experiments found that young people were relatively pessimistic about their retirement. Nearly 90% stated they were either not at all confident, a little confident, or moderately confident they were doing enough for their retirement.

Most people wanted to retire by 64 at the latest (63%) but expected it to be much later. In fact, over one in five (21.9%) expect either to retire after 70 or never actually stop working. The main barriers to saving were having no spare money after paying their bills, the need to save for a major expense such as a house deposit or paying off debts.

However, beyond these 'financial constraints' the two most common answers were simply they hadn't thought about retirement or savings (21%), and didn't know how to increase their contributions (15%).

Before COVID 19, nearly half (49%) of 22 29 year olds were not saving adequately for retirement, meaning they face working for far longer than they expect to, or retiring with only enough money to cover the basics.

This situation has only intensified with mass unemployment looming and more than a quarter (26%) of 18 24 years olds having already lost their job. Sectors and jobs that young people disproportionately work in, such as hospitality and retail, part time and zero hours, have been the most affected. ■

GET YOUR RETIREMENT PLANS IN MOTION

There's a whole lot to think about when you're planning for retirement. Is it worth paying into private or workplace pensions? Are you saving enough? Which investments should you choose? All these unanswered questions can make planning feel a little overwhelming. Most importantly, before taking any major decisions relating to your retirement plans, take the time to get professional financial advice. Please contact us for further information.

Source data:

[1] Scottish Widows study

Behavioural Insights Team research

BIT conducted a short experiment with 2,822 22 29 year-olds, focused on increasing engagement with pensions. Each participant saw one of four vignettes about 'Alex', a 25 year old with average income and default contributions, and their responses to how Alex should change her savings were recorded.

Calculations

- £142,450 calculated using the online MAS pension calculator. Based on a 22-year-old earning the UK average salary, £30,420 (ONS), increasing combined employer and employee contributions from the default 8% to 15%.
- 8% contributions = £162,799 saved into a pension by 68, or £17k income p.a., including State Pension.
- 15% contributions = £305,249 saved into a pension by 68, or £24k income p.a., including State Pension.

Retirement Report research

Adequate Savings Index based on research carried out online by YouGov across a total of 5,757 adults aged 18+.

Data is weighted to be representative of the GB population. Fieldwork was carried out 26 March – 11 April 2020. ■

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ARE YOU KEEPING TOO MUCH IN CASH?

SAVERS HOLDING ONTO EXTRA CASH DURING THE COVID-19 PANDEMIC

Some savers are putting their hard-earned money at risk by holding too much on deposit. Savers holding onto extra cash during the coronavirus (COVID-19) pandemic need to consider their long-term investment options, as new data shows the savings ratio for some people has increased during the pandemic.

/// THE LARGEST POSITIVE CONTRIBUTION TO GROWTH WAS FROM FOOD AND NON-ALCOHOLIC BEVERAGES, WHICH INCREASED BY POSITIVE 3.5% COMPARED WITH QUARTER 1.

Figures published by the Office for National Statistics (ONS) show that the savings ratio as a total, which measures the amount of surplus cash households have, has increased during this period. As a result, some households have been able to increase their cash deposits during the pandemic due to a combination of lower discretionary spending during lockdown and households consciously putting more into cash reserves.

EXPOSED TO THE RISK OF INFLATION

But cash is the investment type most exposed to the risk of inflation. Over the longer term it tends to underperform 'real assets' like stocks and shares. Inflation is a very powerful destructive force and understanding inflation is an important factor when it comes to financial success. Over time, inflation can reduce the value of your savings, because prices typically go up in the future.

According to the ONS, in Quarter 2 (Apr to June) household spending (adjusted for inflation) growth was negative 23.6% compared with Quarter 1 (Jan to Mar)[1]. The largest negative contribution to growth was from restaurants and hotels, which fell by negative 89.4% compared with Quarter 1.

HOUSEHOLDS HOLDING ONTO MORE CASH

The largest positive contribution to growth was from food and non-alcoholic beverages, which increased by positive 3.5% compared with Quarter 1. These ONS figures are also consistent with the Bank of England's estimates that the deposits in household bank accounts grew £17bn a month from March to June, more than triple the rate seen in the previous six months.

But as some households are able to hold onto more cash, many have received underwhelming rates of return on their cash savings. National Savings & Investments (NS&I) recently reduced rates on its savings products, while other cash accounts offer relatively modest returns.

EMERGENCY CASH

A cash savings buffer is key as it provides protection in the event of a loss of income. This means you have something to break your fall and avoid short-term borrowing to cover day-to-day costs. It is normally recommended that households keep enough cash on hand to cover between 3 to 6 months of essential spending. This money should be held in an easily accessible account, although this typically means accepting little or no interest.

CASH SAVINGS

Once you have enough to cover a financial emergency, it is important to start to make some of that money work harder. Locking money up in a deposit account can help savers to achieve a modest return, although rates on cash remain very low.

STOCKS & SHARES

Over longer periods of time, historically the stock market has performed well. There have been and will continue to be plenty of bumps and bruises along the way, but the overall trend has been upwards

Investing can deliver better long-term returns, but markets go up and down over time and past performance is not guaranteed, so it is important when investing to leave the money untouched for several years. One of the most efficient ways to invest is through a Stocks & Shares Individual Savings Account (ISA). This offers tax-efficient growth and every adult can invest up to £20,000 during every tax year, which runs from 6 April to 5 April the following year.

If you have built up a lump sum, this could be invested into an ISA account in one go; however, depending on your particular situation, it may be appropriate to gradually invest in funds or stocks over a period of several months. This process, known as 'pound cost averaging', helps to ensure you smooth your investments and don't invest all your savings at a peak in the market.

LIFETIME ISA (LISA)

Another form of ISA account, the LISA, offers a savings boost from the Government. This is only allocated to those who use the money to purchase a first home or do not access it until they turn age 60. So it is predominantly aimed at first-time buyers, or people who have maximised their pension contribution allowance. If you withdraw it for any other reason, then a penalty applies.

PENSIONS

Saving into a pension fund attracts pension tax relief, rewarding savers with a 20% or 40% top-up for basic and higher-rate taxpayers respectively. Strict penalties apply on withdrawals before age 55, but for those who want to commit money towards their future this is a very tax-efficient way to invest for the long term.

Those people in employment who are eligible to be auto-enrolled into a pension should already have regular contributions to their retirement fund being made through their salary. If they have extra disposable income they may want to consider paying more into their pension.

Some workplace schemes may not be able to facilitate this, in which case a personal pension provider can receive contributions. Normally 20% tax relief will be applied and higher-rate taxpayers may need to recover additional tax relief via their tax return. ■

SAVING FOR THE FUTURE

We all have many different goals in life. These typically fall into short, medium or long-term targets. Depending on the nature of your goals, you may need to consider different ways to save and invest. With so many fund options available, we can ensure that you choose the right solutions to meet your needs and secure your future. Contact us for more information.

Source data:

[1] https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/datasets/

BANK OF MUM AND DAD

MAKE SURE YOU CAN AFFORD IT AND UNDERSTAND ANY TAX IMPLICATIONS

Parents have always supported their children in lots of different ways. These days, growing numbers of parents see their adult children struggling to build up enough in savings to put down the deposit on a house or to afford to move up from a first home to something larger – but does this mean parents should help financially?

New research shows that the Bank of Mum and Dad will be a driving force behind the recovery of Britain's housing market as buyers struggle with the economic impact of COVID-19[1]. Nearly one in four housing transactions (23%) will have been backed by the Bank of Mum and Dad in 2020, with a quarter (24%) of borrowers now more reliant on financial support from family and friends.

TOTAL PROPERTY TRANSACTIONS

Mirroring the impact of the lockdown on the UK housing market, it is forecast that the Bank of Mum and Dad will lend £3.5bn to loved ones this year – which is almost half the £6.3bn that parents, grandparents, other family and friends lent in 2019. As a result it will lead to the funding of 85,000 fewer home purchases.

The figures reflect the effective closure of the housing market under the COVID-19 induced lockdown and a wider collapse in purchases reported by HM Revenue & Customs, with total property transactions similarly falling by nearly half in Q2 2020. Despite this, the Bank of Mum and Dad will still be involved in 175,000 housing transactions, with an estimated transaction value of £50.3bn, this year.

MAKE SURE YOU CAN AFFORD IT

The Bank of Mum and Dad is set to be a key element in the driving force behind the housing sector's recovery, as thousands of buyers press ahead with their plans to buy. Last year, 19% of all home purchases were funded wholly or partly by the Bank of Mum and Dad. In 2020 that figure is set to rise to nearly a quarter (23%). Of those who've bought recently and received support from family and friends, 65% said it would have been 'unlikely' without help from the Bank of Mum and Dad.

If you do decide to act as the Bank of Mum and Dad, it's important to make sure you can afford it. If you're using your pension and savings to help out, consider what impact that will have on your own retirement. It's also important to make sure it's clear whether the money is a gift or a loan, as this will have different tax implications. If your child is moving in with a partner, you may want a say in how the rights to the property will be held should the relationship break down at some point.

FACING THE ECONOMIC IMPLICATIONS

One in five (19%) expect they would have had to delay their purchase by more than five years without Bank of Mum and Dad support, and a further 14% said they never would have been able to buy without the help of family or friends.

The figures come as buyers face the economic implications of the pandemic and a restriction in the choice of high loan-to-value (LTV) mortgages on which many buyers (especially first-time buyers) rely. Data from Moneyfacts has shown a fall in the number of 90% LTV mortgages on the market which allow people to buy with just a 10% deposit.

PROPERTY MARKET ACTIVITY

Despite the Stamp Duty holiday for purchases under £500,000, just 8% of would-be purchasers say they are less reliant on family or friends for financial support as a result of the policy measures introduced to mitigate the effects of the coronavirus crisis. Only 12% have brought forward their plans to buy since the start of the pandemic.

If 'Build, Build, Build' is how we will recover from COVID-19, then the Bank of Mum and Dad will be centre stage once more. Generous parents, grandparents, family members and friends are gifting thousands towards deposits, with the Bank of Mum and Dad outpacing even the Stamp Duty cuts designed to stimulate property market activity.

UNCERTAIN ECONOMIC FUTURE

For years buyers have been faced with a limited supply of affordable homes. A challenge which is now being compounded by COVID-19. Not only are buyers facing an uncertain economic future, but changes by lenders in the wake of the pandemic have restricted the low-deposit mortgage options on which many young people rely to make their first step.

While the Bank of Mum and Dad is helping those lucky enough to have their backing, a generation of hopeful buyers without the support of the Bank of Mum and Dad could find themselves locked out of the housing market. ■

HOW CAN I HELP MY CHILDREN BUY THEIR FIRST PROPERTY?

An important issue to be aware of is how the mortgage lender will treat the deposit if it is described as a loan rather than a gift. If the money is a loan, then the lender must factor this into their affordability calculations and so may lend less as a result. Also, don't forget the sum of money handed over may not be needed now, but what happens if life subsequently becomes a bit of a struggle? Speak to us to discuss your options.

Source data:

[1] https://www.legalandgeneral.com/bank-of-mum-and-dad/

INVESTING WITH A CONSCIENCE

PLACING MONEY IN COMPANIES THAT BRING POSITIVE CHANGE

Issues such as climate change and sustainability have become increasingly hot topics globally and often the subject of conversation. As a result, Environmental, Social and Governance-linked (ESG) investment strategies continue to dominate financial headlines.

These strategies, which include impact investing, are not new, but momentum is growing as shareholders demand greater action and consumers hold businesses to a higher standard. Increasingly, a significant number of UK investors expect their investments to align with their personal beliefs and continue to express interest in sustainable investing.

POTENTIALLY HIGHER RETURNS

Findings from new research identified that UK millennials are less likely to compromise their personal beliefs in order to benefit from potentially higher returns compared to their global counterparts[1].

ESG is a set of standards seeking to reduce negligent corporate behaviour that may lead to environmental degradation, armament sales, human rights violations, racial or sexual discrimination, harmful substances production, worker exploitation and corruption, though this list is by no means exhaustive and remains disputed.

MORE SUSTAINABILITY CONSCIOUS

This study of more than 23,000 people who invest from 32 locations globally revealed that in the UK, only 20% of millennials, who are often perceived to be more sustainability conscious, would compromise their personal beliefs if the returns were high enough. Globally however, 25% would be willing to be flexible with their values.

According to the UK results of the Global Investor Study, some 50% of Britons aged 71+, 23% of baby-boomers and 22% of those classed as Generation X would trade their personal beliefs for higher returns.

EXCLUDING 'SIN-STOCKS'

In the UK almost a third (24%) of those who class themselves as having 'expert/advanced' investment knowledge are substantially more likely to trade their personal beliefs for better investment returns compared with 18% of 'beginner/rudimentary' investors.

A total of 78% of Britons said they would not invest against their personal beliefs, and for those who would, the average return on their investment would need to be 21% to adequately offset any guilt. Socially Responsible Investment (SRI) generally focuses on excluding 'sin-stocks' from the investment pool based on negative screening guidelines.

ENTERING THE MAINSTREAM

In the last two years, sustainable investing in the UK has increased, with 48% of people now frequently investing in sustainable investment funds compared with 34% in 2018, sending a positive market signal that sustainable investing is entering the mainstream.

Overall, 40% of UK investors stated that investing sustainably was likely to lead to higher returns. Some 51% said they were attracted to investing sustainably due to its wider environmental impact.

Globally, expert or advanced investors are the most likely to think sustainable investments have the most potential to offer higher returns (44%) and the least likely to think investing this way will ultimately disappoint (9%).

TOP THREE 'BEHAVIOURS'

Opinion was split among investors globally in terms of how asset managers should address challenges that arise from the fossil fuel industry. Just over a third (36%) said managers should withdraw investment from companies in these industries to limit their ability to grow. However, over a quarter (27%) said managers should remain invested to drive change.

Furthermore, investors said that the top three 'behaviours' companies should be most focused on were their social responsibility, attention to environmental issues and the treatment of their staff. ■

IS YOUR FUTURE IN SUSTAINABLE INVESTING?

What used to be viewed once as a niche investment philosophy is now firmly planted in the mainstream, with investors aligning their personal values around sustainability and social progressiveness. If you'd like to explore an ESG investing journey with us, please speak to us for further information.

Source data:

[1] In April 2020, the Schroders Global Investor Study 2020 commissioned an independent online survey of over 23,000 people (aged 18-37) who invest from 32 locations around the globe. This spanned countries across Europe, Asia, the Americas and more. This research defines people as those who will be investing at least €10,000 (or the equivalent) in the next 12 months and who have made changes to their investments within the last ten years.

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WILL THE OVER-50S BECOME A LOST GENERATION?

OLDER INDIVIDUALS WHO LOSE THEIR JOBS ARE LESS LIKELY TO SECURE RE-EMPLOYMENT

Older workers are one group of people who are at risk of suffering serious and persistent consequences from the economic turmoil arising from the coronavirus (COVID-19) pandemic. In particular, older individuals who lose their jobs are less likely than younger workers to secure re-employment or to find a job on a similar wage to their previous earnings.

/// OF THE PEOPLE SURVEYED, 17% SAID THAT THEY REGRETTED THEIR PREVIOUS RELUCTANCE TO PAY FOR PROFESSIONAL ADVICE AND MORE THAN A FIFTH (21%) WISHED THEY HAD A PROPER FINANCIAL PLAN.

The COVID-19 crisis will result in disproportionate under-employment and unemployment for older workers, who represent a greater share of the working population, findings from new research have highlighted. Over-55s represented more than 50% of the employment growth in the decade to 2018[1].

CAREER UNCERTAINTY

The Centre for Ageing Better found that, when out of work, older staff are far more likely to face long-term unemployment, with just a third of over-50s returning to work after losing their job, compared with more than half (54%) of 35-49-year-olds[2].

Amidst this career uncertainty, a large number of over-50s are now facing financial worries as a direct result of the COVID-19 pandemic. Over a third (37%) have seen their household income decrease during the pandemic, as companies furlough staff while cutting back on wages and head count.

INCOMES IMPACTED

For workers who have seen their income drop, large numbers have turned to their reserves to counter this, with nearly a quarter (25%) having dipped into their savings to help meet everyday living costs. Over two-thirds (68%) are concerned about their cost of living currently, with a third (35%) reducing their daily expenditure as a result. With incomes impacted, well over half (58%) are also worried about how the pandemic will impact their savings long-term.

The UK is now formally in a recession, with many over-50s feeling apprehensive about their job security. It's an unfortunate fact that this group is less likely to secure another role once out of work, meaning redundancy can have serious long-term repercussions on their retirement.

DELAYING RETIREMENT

The Government's furlough scheme ended in October to be replaced by the Job Support Scheme, paying up to 67% of the wages of workers at firms told to shut because of coronavirus rules.

The research found that over-55s spend more time choosing a new car than they do planning their retirement[3], despite the fact that they might have to live with the consequences of that decision for 30 years or more. Given 1.2 million over-50s[4] are now considering delaying their retirement because of COVID-19, there is a clear need for people to understand their options before making panicked decisions.

PROFESSIONAL ADVICE

With all the current uncertainty, having a solid understanding of retirement is essential to being equipped with the tools to enjoy a comfortable retirement. The coronavirus crisis and the knock-on effects of the global pandemic have illuminated the value of professional financial advice, research has shown[5]. More than a third of people reported that the COVID-19 crisis had prompted them to value the benefits of advice more.

Of the people surveyed, 17% said that they regretted their previous reluctance to pay for professional advice and more than a fifth (21%) wished they had a proper financial plan. This highlights that more people are now placing more value on guidance and advice to make the right decisions, giving confidence in their long-term financial planning arrangements.

LONG-TERM IMPACT

57% were concerned about the long-term impact of the pandemic crisis on their investments and 46% were worried about their retirement income. The research also showed people believed they would think about their finances differently as a result of the coronavirus crisis.The pandemic is causing people to rethink their previous financial planning arrangements. ■

WHATEVER YOU ARE PLANNING FOR THE FUTURE, WE CAN HELP

Your 50s are the perfect time to get your pension pot and retirement plans on track. Don't panic if your pension savings aren't where you thought they'd be. There are still plenty of steps you can take to help you retire on your own terms. Whatever you are planning for the future, we can help you to make the most of your pension and other investments, and achieve the retirement you want and deserve. We look forward to hearing from you.

Source data:

[1] https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_738753.pdf

[2] The Centre for Ageing Better: A mid-life employment crisis (Office for National Statistics, Labour market overview, UK: August 2020)

[3] Legal and General research, Over-55s spend more time buying a car than deciding how to use their pension.

[4] - Opinium Research ran a series of online interviews among a nationally representative panel of 2,004 over-50s from 30 July to 5 August 2020.

*Calculation: 452 out of 2,002 UK adults on a separate nationally representative survey counted themselves as aged 50 and over and not retired. 452 / 2,002 * 52,673,000 = 11,892,206. On the survey focusing on the over-50s, 89 of the 1,076 who did not count themselves as retired said that they would most likely need to delay retirement. 89 / 1,076 * 11,892,206 = 1.2 million.*

[5] https://www.columbiathreadneedle.co.uk/en/education-centre/2020-articles/covid-19-experience-highlights-value-of-financial-advice-for-uk-consumers-05-august-2020/?it=Private

PLANNING FOR TOMORROW, TODAY

4 PENSION FACTS TO HELP YOU CREATE A HAPPY AND WEALTHY RETIREMENT

The future may seem far away. Regardless of your retirement goals, there are things you can do to increase your chances of success. It is important to look objectively at your plans and adapt them as your priorities change over the years and you go through different life events.

Your retirement will be as individual as you are and it may arrive earlier than you had anticipated. Time really does fly. Planning ahead is almost certainly going to give you more choice and freedom and pensions can be the most tax-efficient way to save for your retirement.

1. TAX RELIEF

Most UK taxpayers receive tax relief on their pension contributions, which means that the Government effectively adds money to your pension pot.

Basic rate tax relief: The pension scheme administrator will claim the basic rate tax relief for you from HM Revenue & Customs (HMRC). With basic rate Income Tax at 20%, for every £80 you pay into the pension plan you receive basic tax relief of £20 which is also paid into your plan. The total amount paid into the plan is therefore £100.

Scottish taxpayers and tax relief: Scottish taxpayers receive tax relief based on Scottish Income Tax rates and bands. If you pay tax at the Scottish starter rate, HMRC will not ask you to repay the extra tax relief claimed by the pension scheme administrator.

Welsh taxpayers and tax relief: From 6 April 2019, the Welsh Assembly has devolved powers to set their own Income Tax rates. Currently they have set the rates at the same level as the UK rates.

PLEASE NOTE THAT THE SCOTTISH AND WELSH RATES MAY CHANGE IN THE FUTURE.

Higher rate and additional rate tax relief: Intermediate, higher or top rate tax payers may be able to claim further tax relief from HMRC. If you are eligible for further tax relief on your payments, you can ask HMRC to change your tax code by contacting them or you can complete a Self-Assessment Tax Return after the tax year has ended.

2. EMPLOYER CONTRIBUTIONS

The Government introduced auto-enrolment as a way of helping employees save for retirement. It means that employers must automatically enrol certain staff into a workplace pension scheme. When you pay into a workplace pension, your employer and the Government also contribute. The amount paid depends on your employer's pension scheme and your earnings, but minimum contribution rates are set.

Unlike other ways of saving, a workplace pension means you aren't the only one putting money in. Your employer has to contribute too, as long as you earn over £6,240 a year. You will also receive a contribution from the Government in the form of tax relief. This means some of your money that would have gone to the Government as income tax, goes into your workplace pension instead.

You and your employer must pay a percentage of your earnings into your workplace pension scheme. The earnings trigger is one of the three key factors which ultimately governs who gets enrolled into a workplace pension scheme through automatic enrolment (the existing threshold is £10,000 for the tax year 2020/21, which runs from 6 April to 5 April the following year).

Under auto-enrolment schemes, you make contributions based on your total earnings between £6,240 (Lower limit qualifying earnings band) and £50,000 (Upper limit qualifying earnings band) a year before tax.

YOUR TOTAL EARNINGS INCLUDE:

- salary or wages
- bonuses and commission
- overtime
- statutory sick pay
- statutory maternity, paternity or adoption pay

From April 2019 the amount of total minimum contributions increased to 8% – your employer will contribute 3% and you will contribute 5%. These amounts could be higher for you or your employer because of your pension scheme rules. They're higher for most Defined Benefit pension schemes.

In some schemes, your employer has the option to pay in more than the legal minimum. In these schemes, you can pay in less as long as your employer puts in enough to meet the total minimum contribution.

3. FLEXIBLE ACCESS

A Defined Benefit pension scheme pot is highly flexible from age 55. Almost all pensions allow you to take some of your money as tax-free cash. With this option, you can take some or all of your 25% tax-free cash first. What's left in your pension pot remains invested, giving it a chance to grow; however, as with all investments, your money can go down as well as up.

After you've taken all of your tax-free cash, any money you take out will be subject to tax. This means that you can take money from your tax-free amount first and then take the taxable amount when you need it. Remember, you don't have to take all of your tax-free cash in one go.

To help you minimise the tax you pay, you can take the taxable money whenever you like. So, for example, you can take it over a number of different tax years. This spreads it out, and if you do it this way it could help keep you in a lower tax bracket.

4. EFFECTS OF COMPOUNDING

While it is never too late to start saving and planning for retirement, the earlier you start, the better. Starting earlier means more time for your savings to benefit from the effects of compounding returns. Conversely, the longer you wait, the less time you have for your money to grow and the harder you'll have to work to reach your retirement goals.

The basic concept is simple. Compounding returns is where the profits you earn on your money are re-invested and start earning more money, which is then re-invested again and so on. With compound returns, it's less about how much you can afford to put aside and more about for how long the money has time to grow, with your money snowballing into a pot. ■

ARE YOU APPROACHING RETIREMENT, OR ABOUT TO RETIRE?

In the years leading up to retirement, you might start to wonder if you have saved enough to retire comfortably and thought about everything you need to consider. Are you ready to retire? Do you know what you might get? Do you understand your income options, tax and your State Pension? Please speak to us to discuss your options.

/// UNLIKE OTHER WAYS OF SAVING, A WORKPLACE PENSION MEANS YOU AREN'T THE ONLY ONE PUTTING MONEY IN. YOUR EMPLOYER HAS TO CONTRIBUTE TOO, AS LONG AS YOU EARN OVER £6,240 A YEAR.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS-TESTED BENEFITS AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

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WHY SEEK PROFESSIONAL FINANCIAL ADVICE?

TACKLING PROBLEMS, CREATING A PLAN, DEALING WITH CHALLENGES

Whether you're starting out or well into your wealth creation journey, professional financial advice help you to define your goals and the path to getting there. It gives you a map and ongoing support to help you take control of your future.

Everyone has different goals in life. But whatever your goals, receiving advice can help bring you closer to achieving them. When it comes to managing your money, trying to build wealth, securing your future and drawing up an effective plan for fulfilling your financial objectives, professional financial advice is essential.

REASSURANCE, EXPERTISE AND CONFIDENCE

Now more than ever, households need the reassurance, expertise and confidence that professional financial advice provides during these difficult times. The effects of the coronavirus (COVID-19) are likely to have long-lasting effects on our finances for years to come.

There is a proven direct correlation between a person's financial and mental wellbeing. New research[1] has identified how professional financial advice helps to improve the emotional wellbeing of clients by making them feel more confident and financially resilient when compared to those who have not received advice – especially in times of crisis.

COMMONLY RECOGNISED EMOTIONAL BENEFITS

Around 17 million people in the UK have received financial advice. For advised clients, the most commonly recognised emotional benefits of their adviser's services is having access to expertise, which makes them feel more confident in their financial plans, feeling more in control of their finances and gaining peace of mind.

The research also shows that advised clients feel positive about the service they received – with the key areas of satisfaction being the quality of advice and expertise (82%), communication style (81%) and trustworthiness (81%).

FEELING MORE CONFIDENT ABOUT THE FUTURE

The research highlights that people who receive professional financial advice feel more confident about the future and more financially resilient. Around three in five (63%) who received advice said they felt financially secure and stable compared to just half (48%) who had not received advice. Four in ten (41%) who had not received advice felt anxious about their household finances compared to just a third (32%) of those who were advised.

Advisers also helped people to boost their knowledge and gain a better understanding of their finances – particularly when it comes to protection and retirement planning. Advised clients feel up to three times more confident about understanding products and financial matters, compared with people who don't have an adviser.

A GREATER UNDERSTANDING OF FINANCIAL PRODUCTS

Understanding of financial products was much greater amongst those who were advised compared to the non-advised. A quarter of non-advised individuals said they would not know where to start when asked about life insurance (23%) or protecting against serious illness (24%).

In comparison, just 7% of those who were advised gave this response when asked about life insurance and 8% would not know where to start when asked about protecting against serious illness.

BEING MORE PREPARED FOR LIFE'S SHOCKS

The research also looked at how the coronavirus (COVID-19) crisis made non-advised clients feel about their finances. A third (35%) of people felt anxious about their financial situation and 65% have come to appreciate the value in being more prepared for life's shocks.

An experienced adviser offers professional, tailored advice based on your individual circumstances and future aspirations. By understanding the mistakes that unadvised investors make, we are able to demonstrate the value that an adviser brings. ■

THE VALUE OF PROFESSIONAL FINANCIAL ADVICE

At a time when many people will be worried about their financial future, as the economic impact of COVID-19 continues to be felt, receiving professional financial advice is vital. This research illustrates how advice can offer real help to people in the successful achievement of their goals. If you would like to discuss your particular situation, please contact us.

Source data:

[1] Royal London engaged with a UK nationally representative sample of 4,007 people. The research found 26% of UK population have received financial advice. Based on the latest population figures from the ONS, this equates to around 17 million (17,367,169) people. https://adviser.royallondon.com/globalassets/docs/adviser/misc/brp8pd0008-feeling-the-benefit-of-financial-advice-adviser-report.pdf

MAKING A WILL DURING COVID-19

THINKING ABOUT HOW WELL WE ARE PREPARED FOR OUR FUTURES

As coronavirus (COVID-19) leaves many of us working from home surrounded by our families and loved ones, it is inevitable that we start to think about how well we are prepared for our futures.

Wills and estate planning more broadly is a sensitive subject for households across the UK, and is often thought of as a bit of a taboo subject. However, the global pandemic has focused minds and given us space to think.

PROPERTY, FINANCIAL AND OTHER ASSETS

And it seems that it's prompted more people to take action, from making changes to existing Wills to encouraging them to think about writing one for the first time. But worryingly, three in five (59%) UK adults have not written a Will, new research[1] reveals. This equates to 31 million people, whose property, financial and other assets could be left to someone they have not chosen when they die.

Of those who have not written a Will yet, 22% are over the age of 75 and 39% are aged 65-74. Worryingly, a third (32%) of those aged 75+ haven't even started thinking about writing a Will yet.

STARTED THINKING ABOUT WRITING A WILL

Since the start of lockdown, those aged between 25-34 have, however, started the Will writing process or made changes to their existing one. During this period, a fifth (21%) of 25-34-year-olds started thinking about writing a Will for the first time and one in ten (12%) wrote one. A further 30% updated an existing Will.

Respondents were also asked if they had a Lasting Power of Attorney (LPA) in place yet, finding that just 12% of UK adults had an LPA in place before the COVID-19 lockdown. However, 6% said they had engaged a legal professional or the Office of the Public Guardian during the pandemic to put an LPA in place.

TYPES OF LASTING POWER OF ATTORNEY

HEALTH AND WELFARE LPAS

A Health and Welfare LPA allows you to appoint an Attorney to make decisions about matters such as:

- Your medical care
- Where you live
- Your daily routine, such as what you eat and what you wear
- Who you have contact with
- Whether you have life-sustaining treatment – although only if you have given express permission

PROPERTY AND FINANCIAL AFFAIRS LPAS

A property and financial affairs LPA gives your Attorney the power to do things such as:

- Buy and sell your property
- Pay your bills
- Collect your pension or benefits
- Manage your bank accounts

EMOTIONAL AND FINANCIAL PRESSURE

Only 13% of UK adults have written a living Will, which is used to provide advanced decisions on refusing medical treatments if you become terminally ill or lose the ability to make decisions around medical treatment yourself. A further 6% said they had made a living Will, now more commonly called an advance decision, during lockdown.

While no one likes to think about their own mortality, getting your house in order by having the right legal instructions can take away much of the emotional and financial pressure at a very difficult time.

PEACE OF MIND DURING DIFFICULT TIMES

Taking the first step is always the most difficult but puts you as the benefactor in the driving seat. A Will can not only provide peace of mind that the correct beneficiaries benefit from any estate distribution, but also that it is done as efficiently as possible.

The Ministry of Justice (MoJ) announced on 25 July that they were easing the requirements regarding witnessing a Will. Normally this has to be done by two people who are present when the Will is being signed but this has caused some difficultly given the lockdowns.

ESPECIALLY IMPORTANT IF YOU HAVE CHILDREN

As a temporary measure the MoJ has legalised the remote witnessing of a Will. Legislation enables this to be backdated to January 2020 with the intention of leaving it in place until at least January 2022. This will make completing a Will easier in these difficult times.

A Will can help reduce the amount of Inheritance Tax that might be payable on the value of the property and money you leave behind. Writing a Will is especially important if you have children or other family who depend on you financially, or if you want to leave something to people outside your immediate family. ■

PROTECTING YOUR OWN WISHES

If you die without a valid Will, you will be dying intestate and your estate will pass to those entitled under the intestacy rules. Under the intestacy rules, your estate could pass to unintended beneficiaries and leave your loved ones in a very difficult situation at an already emotionally challenging time. For more information, please speak to us.

Source data:

[1] Research from Canada Life 25/09/20

MORE THAN A THIRD OF BRITONS PLAN TO MAINTAIN NEW SAVING HABITS

CORONAVIRUS (COVID-19) PANDEMIC HAS BROUGHT SAVINGS BACK INTO SHARP FOCUS

A combination of financial concern and falling household spending means that those whose incomes have survived the coronavirus (COVID-19) pandemic so far have been keener than ever to save their money.

More than a third (36%) of Britons plan to maintain new saving habits adopted since the arrival of COVID-19, according to the latest research into changing attitudes and behaviours towards household finances[1].

PRESSURE ON PERSONAL FINANCES

The findings look at the impact of lockdown restrictions and pressure on personal finances during the coronavirus pandemic. It shows that nearly two-thirds of people (64%) have become more of a saver, while 36% have become more of a spender.

It's more important than ever that households have as much visibility over their finances as possible to help them weather further shocks caused by the pandemic. Yet many do not, or cannot, access regulated professional financial advice. This means large swathes of the UK are acting alone in planning their financial future.

SEEKING TO BUILD A SAVINGS BUFFER

However, changing attitudes towards saving have been partly driven by the shutdowns to the leisure, hospitality and retail sectors limiting recreational spending opportunities, which has left some households with spare disposable income. The trend is also likely to be influenced by people seeking to build a savings buffer to guard against the economic downturn.

The research highlights that those over the age of 45 are more likely to maintain new savings habits (41%) than people under the age of 45 (31%). Continuing with new savings habits rises to 45% among those aged 55-64, while falling to just over a quarter (28%) in the 25-34 age group.

HOUSEHOLD CASH SAVINGS INCREASED

Bank of England data points to the scale of Britain's savings spree since the arrival of COVID-19. Household cash savings increased by £76bn between March and July 2020[2], matching the total increase over the previous 16 months. Consumers also repaid five years of credit card debt during the lockdown period, causing borrowing to drop to a level last seen in 2015[3].

However, consumer credit borrowing increased by £1.2bn[2] in July alone – the first rise for five months – as the economy began to reopen. Despite this, the research reveals that many adults plan to make permanent or long-term spending reductions to save more in future.

ACCESSING MONEY IS BIGGEST PRIORITY

The most common areas in which people intend to reduce their outgoings are eating out (32%); entertainment, recreation or holidays (25%); and personal goods (22%). With typically less discretionary spending, those under the age of 45 are more likely than the UK average to seek to cut back on food, alcohol consumption and leisure goods[4].

The ability to access money is individuals' biggest priority when deciding where to place any savings or investments in the current climate (33%), suggesting that savers are taking a more cautious and flexible approach to saving.

ENGAGED WITH OUR PERSONAL FINANCES

Only 14% of people are prioritising achieving the biggest return for their savings, compared with 20% whose biggest priority is to take the lowest risk. Those aged 55-64 are the least bullish, with only 11% saying that achieving the biggest return is their most important priority.

Ensuring we're engaged with our personal finances and understand how to make sure our savings are working as hard as possible is crucial to making sure our money is protected from the downturn and potential future inflation rises caused by the pandemic.

ACHIEVING FINANCIAL SECURITY

Set clear and achievable goals – Be realistic. Review your income and expenditure levels for each of the last six months to get an idea of your current spending habits. Then set incremental changes each month to ensure you begin to save more without negatively impacting your living standards

Understand your current savings and projected retirement fund – Identifying how much your exact level of current savings and monthly saving contributions will leave you with in retirement can help you adapt your long-term financial goals.

Take control with the help of professional financial advice – If you are able to, accessing regulated professional financial advice will provide you with expert guidance to confidently plan your financial future. ■

READY TO START YOUR CONVERSATION?

We believe your future is more than just finances, it's about the life you want to lead. We therefore focus on building a financial plan to assist you in achieving this. Whether you are looking to start saving for your family, preparing for life after work or protecting your estate, we offer trusted professional financial advice at any stage of your life. To find out more, please contact us.

Source data:

[1] Research of 2,000 UK consumers conducted on behalf of Aviva by Censuswide, August 2020. Censuswide is a member of ESOMAR – a global association and voice of the data, research and insights industry. Censuswide comply with the MRS code of conduct based on the ESOMAR principles.

[2] https://www.bankofengland.co.uk/statistics/tables - Table A4.1

[3] https://www.bankofengland.co.uk/statistics/tables - Table A5.6

[4] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/articles/morethanonefifthofusualhouseholdspendinghasbeenlargelypreventedduringlockdown/2020-06-11

CAN'T AFFORD TO RETIRE

GETTING YOUR PENSION FINANCES BACK ON TRACK

Do you know how much money you will need in retirement? What about how much you already have saved? Do you know what kind of income that might provide? Unfortunately the answer is 'no' for some people.

When thinking about how much you will need to retire comfortably, it's important to consider the sort of retirement you would like and the annual income you'll need for your desired lifestyle. You may want to simplify your outgoings, and even downsize in later life.

WHAT ARE YOUR INCOME SOURCES AT RETIREMENT?

Your income sources at retirement should be clearly outlined before you start the process of retirement planning. Do you know exactly how many pension pots you have, and how much they're worth? Sources of income may include multiple personal pensions, historic employer pensions, savings, income from property or dividends, and the State Pension, once it becomes accessible.

Make sure to fully use your tax allowances, which is key to maximising your retirement income. Most people can contribute up to £40,000 tax-free to their pensions annually. From 6 April 2020, the annual allowance taper figures were adjusted to give a higher threshold level. The maximum reduction is £36,000, meaning that someone with adjusted income of over £312,000 has an annual allowance of £4,000.

HAVE YOU FULLY USED YOUR ALLOWANCES FROM THE PREVIOUS YEARS?

One way of mitigating any shortfall is by using pension carry forward, which allows you to carry forward any unused annual allowances going back up to three years. Therefore, you should check if you fully used allowances from the previous years so that you can receive the tax-free allowance.

Ensure that you start by assessing the previous tax years and including the total value you contributed to pensions, any contributions from your employer and the amount of tax relief HM Revenue & Customs gave you.

HOW CAN YOU IMPROVE YOUR RETIREMENT JOURNEY?

1. Find lost pensions – If you've had a number of different employers, then you have probably had a number of different pension pots. Most pension schemes of which you've been a member must send you a statement each year. These statements include an estimate of the retirement income that the pension pot might generate when you reach retirement. Alternatively, you can visit https://www.gov.uk/find-pension-contact-details to find contact details to search for a lost pension.

2. Work out what you need for your retirement – People have different suggestions for ways to work out how much they will need as an income in later life, but you know best what your costs are now and what they are likely to be in retirement. Think about what bills you will no longer have – no commuting costs, perhaps you will own your home outright, for example. And think about the bills that won't change and the budget you want for travel and leisure. Calculate your likely costs and you should have a good idea of what level of income to aim for.

3. Check your State Pension age – Don't forget that you will be entitled to State Pension as long as you have made the required number of National Insurance contributions. The age at which most people start to receive the State Pension has now increased to age 66. Men and women born between 6 October 1954 and 5 April 1960 start receiving their pension on their 66th birthday. For those born after that, there will be a phased increase in State Pension age to 67, and eventually 68. ■

TIME TO DISCUSS YOUR CURRENT POSITION?

When you're under 50, retirement may still seem a long way off and there may be other things competing for any extra money you earn – holidays, children heading off to university or supporting elderly relatives – but putting money away for your future is just as important. To discuss how we can help you plan for the retirement you want – please speak to us.

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LIFE GOALS

ARE YOU BUILDING THE FUTURE YOU WANT?

Creating a financial roadmap for the future you want involves a close analysis of your personal finances and an assessment of other building blocks. Lifestyle matters look at how to balance work and leisure, how to make smart choices for the future and many other items regarding how to help you enjoy the journey.

'How do you ensure the plans you make are going to get you to where you want to be financially?' 'How can you achieve the life you want?' Your financial roadmap should provide you with clarity about your future. It should detail every aspect of your vision – your hopes, fears and goals. It should also describe exactly how your future will look and help you to know exactly where you are headed and when you are likely to arrive.

Life can change – the birth of a child, the death of a loved one, the loss of a job, a major purchase – which will readjust your financial roadmap. At these major life events, it's important to chart a new course to ensure you meet your financial, lifestyle and retirement goals.

TAKE SOME TIME AND ASK YOURSELF THESE QUESTIONS:

- Can I sleep comfortably knowing I'll have enough money for my future?
- Do I have the security of knowing where I'm heading financially?
- Am I going to be able to maintain my current lifestyle once I stop working?
- Do I feel empowered financially to live the life I want today and tomorrow?
- Have I made sufficient financial plans to live the life I want?
- Do I have a complete understanding of my financial position?
- What is 'my number' to make my current and future lifestyle secure?

MAKING WISE FINANCIAL DECISIONS

Part of this process is to understand 'your number' – in other words, the amount of money you'll ultimately need to ensure complete peace of mind in knowing your future lifestyle is secure and making sure you don't run out of money before you run out of life. The process starts by identifying your goals for the future and following up by setting a timeline for achieving them.

If you do not know where you are going, how will you know when you get there? This is very true about financial goals. You need to set financial goals to help you make wise financial decisions, and also as a reward for your efforts. Goals should be clear, concise, detailed and written down. Unwritten goals are just wishes.

How to make smart choices for the future

In order to achieve all your goals, you will need a plan. Starting from assets you already have available, you will need to determine how much more you need to accumulate and when you will need it. Don't neglect to consider that the price of your goal items might actually increase as well. ■

WE'RE READY TO LISTEN

We're here to make this process as simple as possible for you so that you can have peace of mind knowing that everything is taken care of. When it comes to planning for your future and that of your family you'll want to be sure that you have everything covered – and that's where we can help. To discuss your future plans, please speak to us.

/// WITH THE RIGHT PROTECTION IN PLACE, YOU AND YOUR LOVED ONES WON'T HAVE TO WORRY ABOUT MONEY WHEN MONEY IS THE LAST THING THEY WANT TO WORRY ABOUT.

THE CRITICAL FACTOR

LIFE-CHANGING COVER, FOR LIFE-CHANGING EVENTS

The coronavirus (COVID-19) pandemic has caused many households to reassess their financial defences with the purchase of protection insurance. The diagnosis of a serious illness can mean a very difficult time for your health and your wealth. If you were to become critically ill and could not earn a living, would your family cope financially, especially to pay bills, mortgage and other expenses?

Our lifestyles may vary, but we all need to make financial safeguards. Critical illness cover can provide vital financial security when you need it most. Most homebuyers purchase life assurance when they arrange a mortgage, but overlook critical illness cover, another form of financial protection that we are statistically more likely to need before reaching retirement.

FINDING THE RIGHT PEACE OF MIND

With the right protection in place, you and your loved ones won't have to worry about money when money is the last thing they want to worry about. It's essential to find the right peace of mind when faced with the difficulty of dealing with a critical illness. Critical illness insurance pays a tax-free lump sum on diagnosis of any one of a list of specified serious illnesses, including cancer, heart attack and stroke.

The good news is that medical advances mean more people than ever are surviving life-threatening conditions that might have killed earlier generations. Critical illness insurance provides cash to allow you to pursue a less stressful lifestyle while you recover from illness, or you can use it for any other purpose.

COMBINING DIFFERENT COVER TYPES

It's almost impossible to predict certain events that may occur within our lives, so having critical illness cover in place for you and your family, or if you run a business or company, offers protection when you may need it more than anything else. You can choose how much cover you want and whether you want to combine different cover types. You can also choose to take out cover with your partner.

Even if you are single with no dependants, critical illness cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if you became very unwell. And if you are part of a couple, it can provide much-needed financial support at a time of emotional stress. Whether or not you need critical illness cover as well as life insurance will depend entirely on your individual circumstances. ■

DO YOU NEED CRITICAL ILLNESS COVER?

It's easy to think a critical illness isn't going to happen to you, but should the worst happen you can help make sure your family and loved ones are protected by easing their financial worries. To discuss how we can help, speak to us to find out more.

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