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WORKING WITH YOU, ACHIEVING YOUR GOALS

JANUARY/FEBRUARY 2023

TAXING TIMES

TIME FOR A TAX HEALTH CHECK?

DON'T MISS THE ISA DEADLINE
Use your tax-efficient allowance or lose it forever!

NO 'ONE-SIZE-FITS-ALL' PROTECTION SOLUTION
Helping you feel confident your family's finances are secure

MENOPAUSE IN THE WORKPLACE
Unique retirement planning challenges women face

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INSIDE **THIS ISSUE**

Welcome to our latest edition. With the current tax year having begun on 6 April 2022, the clock is ticking and it is important to utilise all the tax reliefs and allowances available to you before 5 April 2023 in order to minimise any potential liabilities. On page 10, we look at the way personal tax planning should be at the top of your agenda as the end of the current tax year is not too far away. Taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions.

Time is also running out to take advantage of this year's Individual Savings Account (ISA) allowances. You get one ISA allowance per tax year. So use it or lose it soon, when the tax year ends on 5 April. Any unused ISA allowance will not be rolled over into the new tax year. On 6 April when the new tax year starts, if you haven't used all of your or your children's ISA allowances from the previous tax year, they will be lost forever. Read the full article on page 06.

With a New Year comes resolutions. Everyone should make a resolution to review their protection and estate plans. A solid plan will help you feel confident your family's finances are secure. While no one knows what is around the corner, reviewing your protection, updating your Will and creating an estate plan will help you rest assured that the financial side of things is taken care of. On page 09, we look at some of the main considerations.

Women make up nearly half of the UK workforce, but many feel forced to reduce their hours at work, pass up promotions and even leave their jobs due to lack of menopause support. On page 28, while symptoms vary between individuals, for many women the menopause can have a big impact on their everyday life. It's only further down the line that the resulting missed pension contributions become apparent, but by then it may be too late. A full list of the articles featured in this issue appears opposite.

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NEW YEAR, NEW START TO YOUR FINANCES

Time to make financial New Year resolutions you can keep? New Year resolutions are much easier to meet when you consider what is most important. For many people, it often brings around an opportunity for change. Whatever your aims, we're here to help. We hope you enjoy reading this issue and if you would like further information or want to arrange an appointment, please contact us.

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

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

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MENOPAUSE IN THE WORKPLACE

Unique retirement planning challenges women face

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested. Past performance is not a reliable indicator of future results. The Financial Conduct Authority does not regulate tax advice, estate planning, or Will writing.

MILLENNIALS WILLING TO **FORGO INHERITANCE**

HARDER TO SUPPORT BIGGER FINANCIAL COMMITMENTS OF OLDER GENERATION PARENTS

Many people want to do what they can to ensure they maximise the amount they leave to their family and minimise Inheritance Tax, but working out how much you can afford to give away during your lifetime isn't easy.

With finances being stretched in all directions, it can be incredibly stressful if you want to support your children in the short term, while making sure you don't find yourself struggling further down the line. New research has shown that the oldest of the millennial generation would prefer their parents to use their cash to fund their own, comfortable retirement, rather than receive it as an inheritance[1].

COST OF LIVING

The research of 40-year-old millennials and their parents reveals disparities when it comes to financially planning. Nearly all parents surveyed (99%) intend to pass an inheritance on to their children or grandchildren, with almost two in five (37%) anticipating gifting more money to help their children with the rising cost of living.

However, a third (32%) of adult children would rather their parents kept it all to themselves, to support a comfortable retirement. The desire from each generation to financially support the other comes against the backdrop of financial challenges on two fronts: continued market volatility impacting pension pots and property prices on the one hand and rising living costs on the other.

FINANCIAL PRIORITIES

This makes it harder to support bigger financial commitments – of those older generation parents that are worried about funding their whole retirement, over a third (36%) are specifically concerned about funding the cost of care[2].

Juggling financial priorities makes communication and forward planning even more vital, but this does not always happen. Two in five (38%) of parents admit to not speaking to their children about their inheritance plans, and one in four have not developed a plan to protect their child's inheritance should their child go through a difficult divorce.

IMPORTANT TO PLAN

With cash required to go further than ever before, almost a third (31%) of the parents of millennials are worried about supporting their own immediate living costs, and one in five (19%) are considering downsizing.

Even though most children would be very grateful if their parents are able to pass on some inheritance while they're still alive, they wouldn't want them to have money worries in the future as a result. This is why it's not only important to plan, but also to include your family in any conversations – it can make such a difference and help remove some of the pressure many parents feel when thinking about how and when they'll pass on their wealth. ■

SPEAK TO US ABOUT YOUR FAMILY'S FINANCIAL PLANNING NEEDS

We understand the impact your wealth has today and for generations to come. That's why we work with you to help your investments create the future you want. We listen to you and build our service around your vision. To find out more, please contact us.

Source data:

[1] Censuswide data, unless otherwise specified, is taken from 2,000 consumers who turned 40 in 2021, who will turn 40 this year or who will turn 41 this year; and 2,000 parents of consumers who turned 40 in 2021, will turn 40 this year or will turn 41 this year. The 2,000 parents of consumers all had assets of at least £1m, including property. The 2,000 40-year-old Millennials are already investors, or have considered investing their money. Data gathered July 2022.

[2] 31% of parents surveyed are worried about funding their whole retirement. Of this 31%, 36% worry specifically about funding the cost of care.

CHANCELLOR RETAINS **STATE PENSION TRIPLE LOCK**

STATE PENSION IS SET FOR A RECORD-BREAKING INCREASE FROM APRIL 2023

If you're currently receiving or have been looking into the State Pension, then you've probably heard of the 'triple lock'. But what is it?

The triple lock was introduced in 2010. Its purpose is to make sure that the State Pension doesn't lose value over time. The triple lock aims to protect pensioners against the impact of inflation. If the State Pension didn't change but the price of goods and services continued to increase over time, then you wouldn't be able to buy as much with it. Meaning you'd be losing money in real terms.

In the 2022 Autumn Statement, the Chancellor confirmed that the triple lock will be reinstated from 6 April 2023. This means the State Pension will rise in line with last September's inflation rate – 10.1% – in the 2023/24 tax year. Anyone receiving the State Pension will benefit from the triple lock.

To make the guarantee even more secure, it included three separate measures of inflation, hence 'triple lock'. The three-way guarantee was that each year, the State Pension would increase by the greatest of the following three measures: average earnings; prices, as measured by the Consumer Prices Index (CPI) and 2.5%. The government usually compares the three rates in September, before implementing the correct rise the following April.

The State Pension triple lock has proved to be a burden for successive governments, as it has proven costly for the taxpayer. Because of people earning much less during the lockdowns of 2020, there was a big leap in average earnings of 8% come 2021 as people returned to work. The government announced that the triple lock would be suspended for the 2022/23 tax year. ■

WHAT WILL YOUR RETIREMENT LOOK LIKE?

It's never too early to be planning ahead. We can help you create a robust and flexible retirement plan. A plan that will consider your future expenditure and the impact of inflation, as well as making the best use of tax allowances. To find out more, please get in touch.

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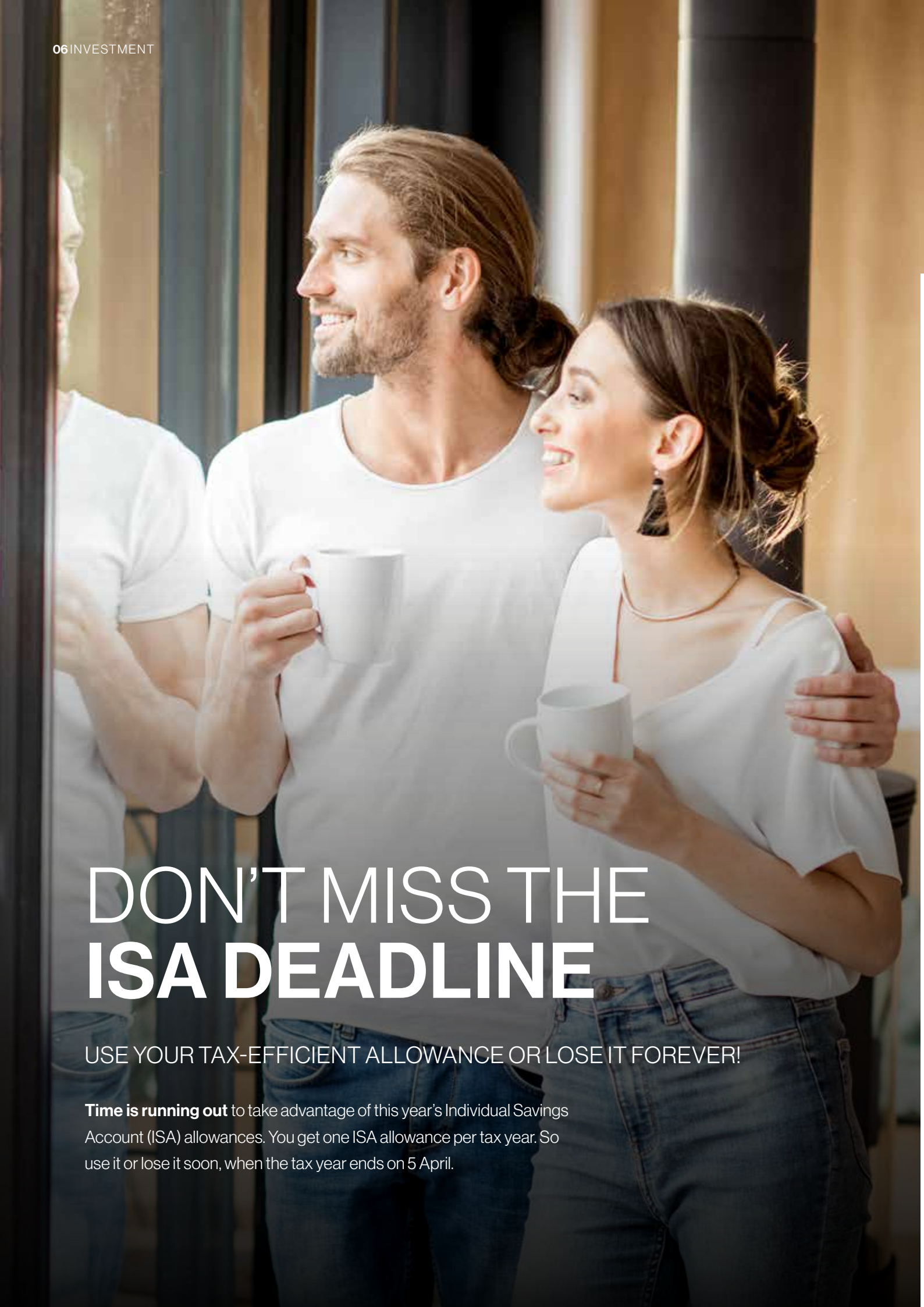

DON'T MISS THE **ISA DEADLINE**

USE YOUR TAX-EFFICIENT ALLOWANCE OR LOSE IT FOREVER!

Time is running out to take advantage of this year's Individual Savings Account (ISA) allowances. You get one ISA allowance per tax year. So use it or lose it soon, when the tax year ends on 5 April.

/// AN ISA IS A 'TAX-EFFICIENT WRAPPER'. TYPES OF ISA INCLUDE A CASH ISA AND STOCKS & SHARES ISA. A CASH ISA IS SIMILAR TO A NORMAL DEPOSIT ACCOUNT, EXCEPT THAT YOU PAY NO TAX ON THE INTEREST YOU EARN.

Any unused ISA allowance will not be rolled over into the new tax year. On 6 April when the new tax year starts, if you haven't used all of your or your children's ISA allowances from the previous tax year, they will be lost forever.

WANT TO KNOW MORE ABOUT INVESTING IN AN ISA? YOUR ISA QUESTIONS ANSWERED

Q: WHAT IS AN INDIVIDUAL SAVINGS ACCOUNT (ISA)?
A: An ISA is a 'tax-efficient wrapper'.Types of ISA include a Cash ISA and Stocks & Shares ISA. A Cash ISA is similar to a normal deposit account, except that you pay no tax on the interest you earn. Stock & Shares ISAs allow you to invest in equities, bonds or commercial property without paying personal tax on your proceeds.

Q: CAN I HAVE MORE THAN ONE ISA?
A: You have a total tax-efficient allowance of £20,000 for this tax year. This means that the sum of money you invest across all your ISAs this tax year (Cash ISA, Stocks & Shares ISA, Lifetime ISAs, Innovative Finance ISA, or any combination) cannot exceed £20,000. However, bear in mind that you have the flexibility to split your tax-efficient allowance across as many ISAs and ISA types as you wish. For example, you may invest £10,000 in a Stocks & Shares ISA and the remaining £10,000 in a Cash ISA. This is a useful option for those who want to use their investment for different purposes and over varying periods of time.

Q: WHEN WILL I BE ABLE TO ACCESS THE MONEY I SAVE IN AN ISA?
A: Some ISAs may tie your money up for a period of time. However, others are flexible. If you're after flexibility, variable rate Cash ISAs don't tend to have a minimum commitment. This means you can keep your money in one of these ISAs for as long – or as short – a time as you like. This type of ISA also allows you to take some of the money out of the ISA and put it back in without affecting its tax-efficient status.

'An ISA is a tax-efficient way to invest because your money is shielded from Income Tax, tax on dividends and Capital Gains Tax'

On the other hand, fixed-rate Cash ISAs will typically require you to tie your money up for a set amount of time. If you decide to cut the term short, you usually have to pay a penalty. But ISAs that tie your money up for longer do tend to have higher interest rates.

Stocks & Shares ISAs don't usually have a minimum commitment, which means you can take your money out at any point. As with all investing, it's recommended that you invest your money for at least five years or more. Staying invested for longer allows your investment to grow and to better weather any market volatility. With the cost of living in the UK rising at its fastest rate in 41 years, can you really afford to see the purchasing power of your hard-earned savings stagnate in a bank account?

Q: COULD I TAKE ADVANTAGE OF A LIFETIME ISA?
A: You're able to open a Lifetime ISA if you're aged between 18 and 39. You can use a Lifetime ISA to buy your first home or save for later life. You can put in up to £4,000 each year until you're 50. The government will add a 25% bonus to your savings, up to a maximum of £1,000 per year.

Q: WHAT IS AN INNOVATIVE FINANCE ISA?
A: An Innovative Finance ISA allows individuals to use some or all of their annual ISA allowance to lend funds through the Peer to Peer lending market. Peer to Peer lending allows individuals and companies to borrow money directly from lenders. Your capital and interest may be at risk in an Innovative Finance ISA and your investment is not covered under the Financial Services Compensation Scheme.

Q: WHAT IS A JUNIOR ISA?
A:This is a savings and investment vehicle for children up to the age of 18. It is a tax-efficient way to save or invest as it is free from any Income Tax, tax on dividends and Capital Gains Tax on the proceeds. The Junior ISA subscription limit is currently £9,000 for the tax year 2022/23.

Q: IS TAX PAYABLE ON ISA DIVIDEND INCOME?
A: No tax is payable on dividend income. You don't pay tax on any dividends paid inside your ISA.

Q: IS CAPITAL GAINS TAX (CGT) PAYABLE ON MY ISA INVESTMENT GAINS?
A:You don't have to pay any CGT on profits.

Q: I ALREADY HAVE ISAS WITH SEVERAL DIFFERENT PROVIDERS. CAN I CONSOLIDATE THEM?
A: Yes you can, and you won't lose the tax-efficient 'wrapper' status. Many previously attractive savings accounts may cease to have a good rate of interest, and naturally some Stocks & Shares ISAs don't perform as well as investors would have hoped. Consolidating your ISAs may also substantially reduce your paperwork. We'll be happy to talk you through your options.

Q: CAN I TRANSFER MY EXISTING ISA?
A:Yes, you can transfer an existing ISA from one provider to another at any time as long as the product terms and conditions allow it. If you want to transfer money you've invested in an ISA during the current tax year, you must transfer all of it. For money you invested in previous years, you can choose to transfer all or part of your savings.

Q: WHAT HAPPENS TO MY ISA IF I DIE PREMATURELY?
A: The rules on ISA death benefits allow for an extra ISA allowance to the deceased's spouse or registered civil partner. ■

TIME TO TAKE YOUR ISA TO THE MAX?
ISAs are one of the most straightforward ways to achieve tax-efficient gains. Remember you can currently invest up to £20,000 this tax year in an ISA, so a couple can put £40,000 out of the reach of the taxman. And don't forget your children or grandchildren. Parents and guardians can invest up to £9,000 in a Junior ISA. To find out more or discuss your requirements, please contact us.

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

‘PHASED RETIREMENT’

PRE-RETIREES STARTING THEIR PLANS BUT WILL RISING LIVING COSTS HALT THEIR PLANS?

Retiring early is a dream for many people and it is achievable for people who have been able to plan, save into a pension over a long period and taken financial advice to help them plan their finances. However, it can become a financial problem if retirement is forced upon people before they have had time to prepare.

It’s estimated that to maintain your current lifestyle, you’ll need around 60 – 70% of your present monthly income. The reduced outgoings are due to not having a mortgage to pay, reduced commuting spend and, hopefully, your children can now support themselves financially.

LIFESTYLE YOU WANT

But those people retiring early have less time to save into a pension fund and their fund needs to last longer. They potentially will have a reduced retirement income and run a greater risk of running out of money in retirement.

People planning for retirement should think hard about what they want to do when they eventually stop work. It is helpful to have a good idea of the lifestyle you want, how much it will cost and how you are going to pay for it.

RETIREMENT NEST EGG

Retirement might seem a lifetime away for younger people who are concentrating on their careers, buying a home or raising a family but they can take action now to secure their retirement. The simplest option is make sure you join your company pension and save as much as you can. Making additional contributions early in your career can make a huge difference to the size of your retirement nest egg.

Research[1] has found that 34% of pre-retirees[2] (those aged 55+ who are still in some form of work) have already started phasing into retirement – equating to 3.3 million[3] employees. The study reinforces the idea that retirement is no longer a line in the sand.

PERCEPTION OF LATER LIFE

The number of pre-retirees considering a gradual or phased move into full retirement shows how much the perception of later life has changed in recent years. However people choose to approach retirement, it’s important they see it as something that should be actively managed, and not something they already feel they are ‘in’ or have ‘done’.

Almost half (48%) of all employees aged 55+ expect that they will cut down the amount they work rather than completely stopping, with one in seven (14%) planning to wind down over the next year.

PHASED RETIREMENT ROUTE

Many people want to take the phased retirement route by reducing their hours, so they can keep their job but lessen their stress (37%). However, most people have revealed they are making the decision because they simply cannot afford to retire fully (44%).

On average, over half (54%) of all people who are taking a phased approach to retirement are working 15+ hours less every month, consequently earning £9,150 less every year. As a result, many expect to have to adjust their lifestyle (38%), and some even anticipate they could struggle with meeting the cost of household essentials (17%).

POTENTIAL GAP IN SALARY

Despite the intention to slow down at work, the cost of living has had an impact, with one in ten people who had begun to phase into retirement having to increase their work commitments again. In addition, two-fifths (40%) of people who anticipated gradually moving into retirement in the next five years now worry living costs might mean this plan is not possible.

For those wanting to keep their options open while also looking for ways to supplement their income, flexible products such as fixed term annuities can play an important role. They provide a guaranteed income for a set time – in some cases as little as three years, helping to bridge any potential gap in salary. ■

FINDING IT CHALLENGING TO NAVIGATE YOUR RETIREMENT PLANS?

With the increased pressures applied by the cost of living crisis, your money must go further than it ever has done. Ultimately, the key thing is to make sure you are making well-informed decisions about what works best for you. If you would like to discuss your situation, please contact us for more information.

Source data:

[1] Research was carried out online by Opinium Research amongst 4,000 UK adults between 14th – 20th October. The results are weighted to nationally representative criteria.

[2] Pre-retirees’ refers to those aged 55+ who are still in some form of work

*[3] On a nat rep survey of 4,000, 248 55+ year-old workers have already taken a phased approach to retirement (248/4,000 *52.890m = 3.3m)*

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

NO 'ONE-SIZE-FITS-ALL' **PROTECTION SOLUTION**

HELPING YOU FEEL CONFIDENT YOUR FAMILY'S FINANCES ARE SECURE

With a New Year comes resolutions. Everyone should make a resolution to review their protection and estate plans. A solid plan will help you feel confident your family's finances are secure.

The uncertainty of the past couple of years has shown how important it is to have a robust plan in place for securing your family's finances. While no one knows what is around the corner, reviewing your protection, updating your Will and creating an estate plan will help you rest assured that the financial side of things is taken care of.

These are some of the main considerations:

PROTECT AGAINST ILLNESS AND DEATH

It is essential to make sure that you have adequate protection in place, depending on your particular circumstance. There is no 'one-size-fits-all' protection solution so receiving professional advice is important when considering the right products for you and your family's needs. This will ensure that your finances remain secure if illness or death happens unexpectedly, giving peace of mind to you and your loved ones at what could otherwise be a difficult time.

A life insurance policy is one of the most important types of protection to have in place. It pays out a lump sum if you die during the duration of the policy, helping your family to pay off their debts, maintain their lifestyle or cover any other expenses they may have.

Critical illness cover can also provide valuable financial protection in case you are diagnosed with a specified serious illness while your policy is active. This type of cover will pay out a tax-free lump sum if you are diagnosed with an eligible condition, allowing you to concentrate on getting better without having to worry about bills piling up.

Income protection is also worth considering when developing your financial plan. This type of cover provides regular payments should you become ill or injured and are unable to work. This can help you cover your regular outgoings, such as mortgage payments or rent, while you recover.

WRITE OR REVIEW YOUR WILL

Writing or reviewing your Will is essential for making sure that your wishes are respected and carried out after you pass away. It ensures that your money and other assets go to the people and causes you care about, such as relatives, family friends, charitable organisations, etc. Additionally, it provides you with the opportunity to appoint guardians for any children in your life, so they can be looked after by people you know and trust.

If you don't have a Will in place when death occurs, then the rules of intestacy will be applied to distribute your assets and possessions according to legal guidelines. These might not always align with what you would have wanted. Therefore, it is important to obtain professional advice on how best to proceed with making a professional Will. Doing so can help to ensure that your wishes are appropriately recorded and respected, even after you've gone. With the right professional advice and guidance, writing or reviewing your Will provides peace of mind that comes with having your affairs in order.

CREATE AN ESTATE PLAN

Creating an estate plan is a step that can make a significant impact on the financial futures of your children and grandchildren. Despite common misconceptions, estate planning isn't only for the wealthy. In fact, due to rising house prices and the freezing of the Inheritance Tax (IHT) nil-rate band until April 2028, IHT could now be more impactful than before.

Fortunately, there are various ways in which you can minimise this unexpected burden, ranging from making lifetime gifts to utilising pensions and trusts. To get the most out of these options, it's best to seek professional financial advice. We can help guide you as you build a comprehensive estate plan tailored specifically to your needs, to ensure that your family is well-protected and their financial futures are secured. ■

BEING PREPARED FOR WHATEVER THE FUTURE MAY BRING

In uncertain times, receiving professional advice can help you feel confident you're doing everything you can to secure your family's finances. We will look at your personal, family and financial circumstances to recommend the right solutions for your individual needs. You can focus on enjoying life today, safe in the knowledge that you're prepared for whatever the future may bring. To find out more, please contact us.

TAXING TIMES

TIME FOR A TAX HEALTH CHECK?

With the current tax year having begun on 6 April 2022, the clock is ticking and it is important to utilise all the tax reliefs and allowances available to you before 5 April 2023 in order to minimise any potential liabilities.

Personal tax planning should be at the top of your agenda as the end of the current tax year is not too far away. Taking action now may give you the opportunity to take advantage of any remaining reliefs, allowances and exemptions.

At the same time, you should be considering whether there are any planning opportunities that you need to consider either for this tax year or for your long-term future. We've listed a few reminders of the issues you may want to consider as worthy of including in your 2022/23 tax health check to-do list.

SOME KEY THINGS YOU MIGHT NEED TO ACTION BEFORE THE TAX YEAR END

Personal reliefs: Married couples should consider utilising each person's personal reliefs, as well as their starting and basic rate tax bands. Could you make gifts of income-producing assets (which must be outright and unconditional) to distribute income more evenly between you both?

Salary sacrifice: This is an especially tax-efficient way for you to make pension contributions, to save and reduce your Income Tax and National Insurance. Have you considered exchanging part of your salary for payments into an approved share scheme or additional pension contributions?

Pensions annual allowance: Unless you are an additional rate taxpayer or have already accessed pension benefits then you are entitled to make up to £40,000 of pension contributions per tax year. Have you fully utilised your tax-efficient contributions for this tax year or any unused allowances from the three previous tax years?

Stakeholder pensions: A stakeholder pension is available to any United Kingdom resident under the age of 75. Children can also make annual net contributions of £2,880 per year, making the gross amount £3,600 regardless of any earnings. It is also a very beneficial way of giving children or grandchildren a helping hand for the future. Is this an option you or a family member should be utilising?

Large pension funds: The Lifetime Allowance (LTA) is currently £1,073,100 and has been frozen at this level until the 2025/26 tax year. The maximum you can pay in is £40,000 per annum unless you pay tax at 45% in which case the annual limit could be as low as £4,000. Inflationary increases by the end of the current tax year could also have an impact on your pension funds. Do you have a plan in place to protect your money from this?

/// PERSONAL TAX PLANNING SHOULD BE AT THE TOP OF YOUR AGENDA AS THE END OF THE CURRENT TAX YEAR IS NOT TOO FAR AWAY. TAKING ACTION NOW MAY GIVE YOU THE OPPORTUNITY TO TAKE ADVANTAGE OF ANY REMAINING RELIEFS, ALLOWANCES AND EXEMPTIONS.

Pension drawdown: If your are 55 or over you could access 25% tax-free cash from your Defined Contribution (also known as Money Purchase) pension pots and invest the rest. However, drawing large amounts in one tax year can lead to a larger tax bill than if spread over a longer period. Do you know the implications of taking money out of your pension pots?

Passing on your pension: Usually called a 'spousal by-pass trust', although the recipient may not always be a spouse, this is a discretionary trust set up by the pension scheme member or pension holder to receive pension death benefits. Are your pension death benefits written in trust?

Individual Savings Accounts (ISAs): An ISA allows you to save and invest tax-efficiently into a cash savings or investment account. The proceeds are shielded from Income Tax, tax on dividends and Capital Gains Tax. The government puts a cap on how much you can put into your ISA or ISAs in any tax year (from 6 April to 5 April). The ISA allowance for 2022/23 is set at £20,000. Have you fully utilised the maximum annual allowance?

Junior ISAs: This is a long-term tax-efficient savings account set up by a parent or guardian, specifically for the child's future. Only the child can access the money, and only once they turn 18. Have you invested the maximum £9,000 allowance for your child or children?

Lifetime ISAs (LISAs): The Lifetime ISA (LISA) is a tax-efficient savings or investments account designed to help those aged 18 to 39 at the time of opening to buy their first home or save for retirement. The government will provide a 25% bonus on the money invested, up to a maximum of £1,000 per year. You can save up to £4,000 a year, and can continue to pay into it until you reach age 50. Could you be taking advantage of this very tax-efficient option?

Capital Gains Tax (CGT): There are two different rates of CGT – one for property and one for other assets. If your assets are owned jointly with another person, you could use both of your allowances, which can effectively double the amount you can make before CGT is payable. If you are married or in a registered civil partnership, you are free to transfer assets to each other without any CGT being charged. It is currently £12,300 but will be reduced to £6,000 from 6 April 2023 and £3,000 from 6 April 2024. Have you fully used your current £12,300 annual exemption?

Inheritance Tax (IHT) relief: IHT must be paid on the value of any estate above £325,000, or up to £1 million for married couples including the residence nil-rate band). However, certain business assets, including some types of shares and farmland, in private trading companies can qualify for 100% relief from IHT. The government has frozen the IHT thresholds for two more years to April 2028. Are you taking advantage of the reliefs available to you?

Residence nil-rate band (RNRB): This allowance was introduced during the 2017/18 tax year and is available when a main residence is passed on death to a direct descendant. The allowance is currently £175,000. When combined with the nil-rate band of £325,000, this provides a total IHT exemption of £500,000 per person, or £1 million per married couple. If you are planning to give away your home to your children or grandchildren (including adopted, foster and stepchildren) the RNRB must be claimed. There is a form for this purpose – IHT435. The form is available on the Gov.uk website. If applicable, have you applied for the RNRB?

Charitable and personal gifts: If you leave at least 10% of your net estate to charity a reduced inheritance rate of 36% applies rather than the usual 40%. Other exemptions apply for inter-spousal transfers, transfers of unused annual income, business and agricultural assets, and for various other fixed, small amounts. Are you intending to make gifts before the end of the current tax year?

Trust funds: These help protect your assets and guarantee that your loved ones have financial stability for their future. Crucially, a trust can help to avoid IHT and ensure that the majority of your money, shares and equity are passed on in the most efficient way. Should you consider setting up a trust?

Future legislation could potentially result in changes to tax law, which could in turn require adjustments to your plans. ■

WANT TO TALK ABOUT A TAX HEALTH CHECK?

We hope you find this checklist useful, but please bear in mind that this only provides a summary of the options available and not all options will be suitable for everyone. Therefore, for more information in respect of the ideas outlined, please contact us.

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

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

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

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

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAXATION AND TRUST ADVICE. TRUSTS ARE A HIGHLY COMPLEX AREA OF FINANCIAL PLANNING.

TIME TO GET YOUR **RETIREMENT PLANS IN MOTION?**

THREE IN FIVE BRITONS FEEL STRESSED ABOUT LATER LIFE PLANNING

It's only natural, in a world where most people are worried about things that are beyond their control – the rising cost of living, increasing inflation and interest rates that haven't been seen for years – that you may also feel out of your depth when it comes to things like pensions and later life preparations.

When it comes to later life planning, more than three in five people (61%) feel stressed when they think about their retirement. This figure rises to almost three-quarters (74%) of 25–34-year-olds, new research has highlighted[1].

Unsurprisingly, given the current economic climate, all age groups, with the exception of the over-55s, admit to being stressed about: whether or not they will have enough money set aside at retirement to do all the things they want to do (71%); how long their pension pot will last (65%); whether or not they are paying enough into their pension pot (59%); and how early they need to start paying into a pension (49%).

In the majority of cases, the most anxious across all age groups are the 25–34-year-olds, with the starkest contrasts in numbers being around how early they need to start paying into a pension (70% vs 49% nat. avg), whether or not they should have more than one pension pot (70% vs 50%) or if they are paying enough into their pension savings (77% vs 59%).

However, with a little planning and simple rules of thumb, you can feel more in control of your savings and know if you are on track for the lifestyle you want in your retirement.

GIVE YOU GREATER CONTROL OVER WHEN YOU RETIRE AND WITH HOW MUCH MONEY

How long? Aim to save for your retirement at least 40 years before you want to retire. The later you leave it, the more you will need to save each month to reach your target.

How much? Try to save at least 12.5% of your salary towards your pension every month – this may seem challenging at the moment but something to aim for. And remember, this can include money from you, your employer and the government.

Final pot size? Aim to amass a pension pot of at least ten times your salary by the time you retire.

Tax relief: Take advantage of the tax relief offered by the government to boost your savings. When saving into a pension, for every £8 you save, the taxman adds an extra £2.

Employer contributions: Every employer in the UK must provide eligible employees with a workplace pension. Not only that, but they must contribute to this pension. Some employers will contribute more if you save more, helping towards the 12.5% target.

Invest wisely: By investing your money, in a pension or elsewhere, your money can grow through to your target retirement date.

Investment risk: The value of investments can go down as well as up and you may get back less than has been invested but remember that investing in a pension is a long-term investment and over time you could reap greater rewards.

Keep checking: Saving for your retirement should not be a 'set and forget' activity. Use your annual pension statement to check if you are on track for your retirement target.

Reframe your expectations: Life expectancy in retirement could be 20 years or more, so bear in mind how long your money may need to last.

Use the pension freedoms: From 2015, the pension freedoms allow more flexibility in retirement planning, but take time to understand the options before acting.

Search for lost pensions: There are close to 3m lost pensions in the UK where pension providers and clients have lost touch with each other; this equates to £26.6bn, or £9,470 per person[2]. If you think you've lost touch with a pension check with the Pension Tracing Service. ■

NEED A HELPING HAND WITH YOUR RETIREMENT PLANS?

Using expert advice to help plan your pension could help you to achieve greater financial freedom when you decide to stop working. Find out how we can help guide your future plans. If you would like to reassess your current financial situation and review your goals, we're here to listen.

Source data:

[1] Research was conducted by Censuswide between 06.10.22 – 10.10.22 from 2,001 general consumers, national representative sample. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

[2] https://www.pensionspolicyinstitute.org.uk/media/4185/20221027-ppi-bn134-lost-pensions-2022-whats-the-scale-and-impact.pdf

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TRACING OLD AND **LOST PENSIONS**

NEARLY HALF OF PENSION HOLDERS HAVE LOST TRACK OF SOME OF THEIR PENSION POTS

The lost pensions challenge in the UK has grown significantly in recent years, further exacerbated by the pandemic, which resulted in a large proportion of people moving jobs. A recent Pension Policy Institute research briefing calculated the total value of lost pension pots has grown to £26.6 billion in 2022[1].

If you've worked for several employers throughout your career, you might have accumulated multiple pension plans. You may also have set up personal pensions, especially if you've been self-employed or a contractor at some point.

ADMINISTRATIVE BURDEN

Owning multiple pensions can be an administrative burden, but it could also be costing you financially – whether that's through excessive fees or poor investment performance. Today, nearly half (46%) of UK pension holders have lost track of some of their pension pots, according to new research[2].

This means that – against the backdrop of the rising cost of living – millions of people across the country could right now be missing out on pension pots that are sat with their previous employers.

RETIREMENT PLANS

Nowadays, the average UK employee has 11 jobs over their lifetime, the research highlights. So while it's understandable that savers may forget how many pension pots they've accrued over the years, they currently risk incurring unnecessary management fees – or even missing out on those savings altogether – at a time when higher inflation threatens to spoil their retirement plans.

Moreover, savers who have kept track of their pension pots will be in a much better position to make informed retirement decisions when they get older. 13% of people did not know how to track down a pension pot from their previous job. And although savers currently have the option of combining their pensions, 16% didn't know how to go about tracing their lost money.

MULTIPLE PENSIONS

This lack of knowledge is particularly worrying. Having multiple pensions with different employers or pension providers can create an unnecessary headache for retirees, and this will come at a time in life when things should ideally be less challenging for them.

To complicate matters even further, the number of workers with small pension pots of under £1,000 has skyrocketed in recent years. The Pensions Policy Institute (PPI) has predicted that the problem is only going to get worse, with the number of small pots set to triple to 27 million by 2035.

BETTER RETIREMENT

The recent PPI research on lost pension pots also indicated that the speed at which pension pots were being classified as lost was increasing, with an extra 1.2 million pots having been 'lost' in the four-year period between 2018 and 2022. That's a 75% increase in lost pots in just four years.

While consolidation will not be the best option for all pots, for some people consolidating their pensions into one pot would undoubtedly bring them much closer to their money, increasing their sense of ownership and control, and potentially setting them up for a better retirement. ■

LOOKING TO KEEP TRACK OF YOUR FINANCES MORE EASILY?

Consolidating your pensions into one pot could help you keep track of your finances more easily, reduce charges and boost how much money you have in the future. But while there are advantages to pension consolidation, there are potential drawbacks and it's important to seek advice on whether it's right for you. If you would like to review your current plans, to meet your financial goals now and in later life, please contact us.

Source data:

[1] Source: https://www.pensionspolicyinstitute.org.uk/sponsor-research/research-reports/2022/2022-10-27-briefing-note-134-lost-pensions-2022-what-s-the-scale-and-impact/

[2] https://adviser.scottishwidows.co.uk/assets/literature/docs/2022-10-pension-pots.pdf

FEELING **THE PINCH**

WOMEN MORE VULNERABLE TO COST-OF-LIVING CRISIS

Throughout their lives, women face a number of challenges that can place them at a financial disadvantage compared to their male counterparts. This can include inequality of pay at work, taking career breaks or taking part-time positions due to an expectation they will take on greater responsibility for family commitments.

This often leaves them less financially resilient and in the context of the cost of living crisis, where everyone is feeling the pinch, it places additional pressure on their financial wellbeing. This can have an impact in the here and now but can also contribute to inequalities in the long term, such as with pension savings.

FINANCIAL RESILIENCE OVERESTIMATION

Working women are significantly closer to the breadline if they lose their income and more vulnerable to the cost of living crisis, according to new research[1]. On average, working women are only 14 days away from the breadline in the event they lose their income. This is significantly less than the average working man, who would be able to meet their household costs for 28 days. The household average stands at 19 days.

While the average working woman has comparable debts to men (£558 vs. £665), they have significantly less set aside in all their savings and investments (£1,801 vs. £3,214). With a daily expenditure of £90, calculations show that women would only be able to fund their household spending for two weeks with no income. On average, women overestimate their financial resilience, assuming they are 60 days from the breadline; this is compared to men who assume they have 90 days.

REDUCING ESSENTIAL SPENDING

Women are considerably more likely to view the cost of living crisis as a 'constant source of worry' (78% vs 68% of men) and therefore take action to address it. Women are much more likely to be cutting back on luxuries (86% vs 76% of men) and reducing essential spending where possible (72% vs 65% of men).

On average, working women surveyed have a lower median annual personal income (£23,245 vs. £31,070), likely due to a number of reasons. Statistics show that in 2021, the gender pay gap among full-time employees was 7.9%, up from 7.0% in 2020[2], signalling that women in full-time employment continue to get paid less than their male co-workers.

EMPHASIS ON BUDGETING

Similarly, working women are significantly more likely to be in part-time employment compared to men (31% vs 11% of men surveyed), with the expectation of domestic and caring responsibilities often placed on women's shoulders.

While the cost of living crisis has placed an emphasis on budgeting and financial planning, women's financial wellbeing still faces considerable challenges in the long term. Research from earlier last year showed that, on average, women's pensions are half the size of men's (£12,000 versus £26,000)[3]. ■

WANT TO DISCUSS HOW TO MAKE THE MOST OF YOUR MONEY?

With a significant strain on the nation's finances, it's important that everyone is aware of their financial situation to manage realistic expectations. To discuss how we could help you to make the most of your money, please get in touch.

Source data:

[1] Online survey among 5,021 UK consumers using Savanta's proprietary consumer panel between the 28th June and 5th July 2022. The survey covered employed & self-employed consumers aged 18 to 65 only, approximately nationally representative but ensuring a minimum sample in every region of the country. This extrapolates to approximately 31.228 million adults in the UK. Results were re-weighted to represent the UK population in terms of age/gender, region & employment status. All averages that are shown are median values. References to income refer to household income. Basic expenses are housing costs, loans/credit card repayments, utility bills and food. When savings and investments are referred to it includes both personal and household. Legal & General's Deadline to Breadline report, explores financial resilience, security and engagement of working households across the UK. The report contains key 'conversation starters' for advisers to help with tricky questions during this difficult time for clients.

[2] Office for National Statistics (ONS), Gender pay gap in the UK: 2021, 26 October 2021

[3] Legal & General analysis of based LGIM's proprietary data on c4.5 million defined contribution members as at 1 April 2022 but does not take into account any other pension provision the customers may have elsewhere.

PERFECT STORM

MAJOR LONG-TERM RAMIFICATIONS FOR FINANCIAL HEALTH AND WELLBEING

A perfect storm of global and domestic factors has contributed to spiralling inflation in the UK, triggering a cost of living crisis. This is pushing up the prices of food, fuel and housing. This crisis is by far the top concern for UK consumers: 58% are very worried about it, rising to 69% of women, according to research[1].

Three-quarters of those aged 50 and over are also worried about how the cost of living will impact their retirement with one in two (53%) fearing that they won't have enough income to survive financially when they stop working[2].

WEATHER THE COST OF LIVING CRISIS

Interestingly, only 42% of people are very worried about inflation specifically, suggesting a lack of understanding about what's driving the crisis. After two decades in a low inflation and interest rate environment, an abrupt change in the economic climate has prompted many UK households to relook at their personal finances so they can weather the cost of living crisis.

Everyday luxuries like subscription services and holidays have been first to go as we tighten our belts. But faced with double digit spikes to fuel and everyday essentials, many feel more radical changes to household finances will be required to steady the ship.

NOT BEING ABLE TO SAVE ENOUGH

Worryingly, the research suggests that families are increasingly prepared to pause savings and investments, and some would even cut back on pensions contributions or dip into their nest eggs, actions which could have major long-term ramifications for their financial health and wellbeing.

The key findings are that more than one in five (22%) people across the UK are having sleepless nights worrying about the economic environment. Their top concerns are 58% cost of living, 42% rising inflation and 29% not being able to save enough towards retirement.

Most people are not prepared for the squeeze – 55% say they are not confident their finances will hold up against the rising cost of living.

MAKING OR CONSIDERING FINANCIAL CHANGES

53% are concerned about not being able to save for their emergency fund given the current economic environment, and 54% are worried they'll use up all of their emergency savings to cover the cost of living rise. 59% of people are concerned they'll need to work for longer as a result of today's cost of living.

People are making or considering financial changes which will have long-term ramifications. 11% of consumers have given up investing, and a further 17% plan to do so. Asked more broadly about their finances, more than half of adults (55%) say they are not confident their finances will hold up against the rising cost of living.

LEAST CONFIDENT AGE GROUP

Of this, 34% say they are not very confident and 21% say they are not at all confident. This surges higher among women, with 63% of women saying they're not confident compared with 47% of men who say the same.

Delving into the detail, those aged 45-54 are the least confident age group around the strength of their finances – 63% are not confident. This is closely followed by 35-44-year-olds (62%) and then 25-34-year-olds (59%) who say the same. ■

ARE YOU ON TRACK TO SECURE THE FINANCIAL FUTURE YOU WANT?

There is an awful lot to think about when it comes to navigating the financial storm that lies ahead. Making the right decisions when it comes to your retirement is key. To discuss how we could help, please contact us. We look forward to hearing from you.

Source data:

[1] Research was carried out by Censuswide for Charles Stanley among a UK representative sample of 2,086 UK adults. The survey was completed between 09/06/2022 and 13/06/2022.

[2] Conducted by Perspectus Global - 1,000 UK based Britons aged 50 and over was commissioned by Unbiased during April 2022.

SHOW ME **THE MONEY**

CHOOSING AN INVESTMENT STYLE THAT BEST SUITS YOUR NEEDS

Investment styles are professional strategies used to create and manage portfolios. Different styles can range from aggressive growth to conservative investments. Depending on the investor's goals, interests and risk tolerance level, they can choose a style that best suits their needs.

For example, an investor looking for quick returns may opt for a more aggressive approach while a more cautious investor might prefer a slower growth strategy. Knowing one's investment style is important in order to make informed decisions about how to manage one's portfolio. By understanding the various aspects of different styles, investors can better understand which type of investing works best for them and how they want to deploy their money.

RIGHT KNOWLEDGE AND PROFESSIONAL SUPPORT

With proper knowledge and professional guidance, investors can be confident in managing their portfolios according to their chosen style. Style investing takes into account factors such as asset allocation, fund selection, market timing strategies and risk management when building a portfolio.

As always, it is important to do research and obtain professional advice before making any decisions about investing money. With the right knowledge and professional support, investors can be sure that they are making sound investments to achieve their financial goals.

When it comes to style investing, some key questions that should be considered include:

1. What investment objectives do you have? There is no one-size-fits-all approach when it comes to style investing, so it is important to have a clear understanding of your investment objectives. With that knowledge in hand, you can then determine which style of investing will best fit your portfolio and long-term goals. Investing styles vary greatly depending on the amount of risk tolerance and desired objectives. No matter what style of investing you choose, professional advice is essential for developing a successful strategy.

2. What type of return do you hope to achieve? Different investment styles produce different levels of returns depending on the market environment, the strategy employed and other external factors. You need to understand the expected return from each investment style and ensure that it aligns with your overall objectives.

3. How much risk are you willing to take on? When it comes to style investing, it is essential to consider the amount of risk you are willing to take on. Different investment strategies can involve different levels of risk, so you should think carefully about your personal tolerance level and adjust your portfolio accordingly. Being aware of the potential risks involved with any given investment strategy can help ensure that you make an informed decision that aligns with your overall financial goals.

4. What type of investments can you access? You can assess a range of investment opportunities depending on the types of investments available for your particular investment style, such as value investing, growth investing, momentum investing, etc. With professional advice and guidance, you can ensure that you make informed decisions about the investments that are right for you and your portfolio.

5. How much time do you have for monitoring and rebalancing? When choosing an investment portfolio style, it is important to consider how much time and effort you are willing to commit to monitoring and rebalancing your investments. Regardless of which approach you choose, it should be noted that professional guidance may be necessary for more complex strategies. Furthermore, proper monitoring and rebalancing is necessary in order to ensure the continued performance of any investment portfolio over time. Ultimately, the amount of time available for monitoring and rebalancing should be taken into account when determining which investment strategy is best for you.

MAKING DECISIONS ABOUT INVESTMENTS

Ultimately, understanding how each investment style works is an essential component in building a portfolio that meets your needs. While diversification is important in investing, it's equally essential to understand each style and determine which one aligns best with a person's investment goals.

Different strategies come with different levels of risk, potential returns and costs associated with them. You need to consider these details when making decisions about investments. . ■

WHAT ARE YOUR INVESTMENT MOTIVATIONS?

You might be the cautious investor who's happy for your investments to keep pace with inflation or someone who's ambitiously seeking faster portfolio growth. Whatever your motivation, we can help you with your investment objectives. For more information please contact us.

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

IMPACT ON **CLIMATE CHANGE**

NEARLY TWO-THIRDS OF PEOPLE IN THE UK MORE CONCERNED ABOUT CLIMATE CHANGE

The impacts of climate change have been increasingly felt around the world in recent years. Governments, businesses and citizens alike are urged to take steps to reduce their environmental impact. The reality is that climate change is a threat to human wellbeing and the health of the planet.

Recent weather events, such as heatwaves, floods and fires this year, have made nearly two-thirds (60%) of people in the UK more concerned about climate change. A further 59% are also worried about weather reports from other countries, including in Australia and America, according to new research[1].

RENEWABLE ENERGY SOURCES

The good news is that green investments and pensions have grown in popularity over recent years as more people become aware of the climate crisis and its implications. These initiatives allow investors to allocate their capital into sustainable funds, which support businesses and projects that promote a cleaner environment and renewable energy.

Such steps could include investing in renewable energy sources, reducing single-use plastics usage or becoming more mindful of energy consumption. It is not too late to make a positive impact. If we all work together and take steps to reduce our emissions, we can help ensure that future generations will be able to live in a world where the effects of climate change are properly managed and minimised.

UN CLIMATE SUMMIT

Two out of five (42%) people have said that the UN climate summits have made an impact on their climate change concerns – and 40% said that having children and grandchildren has made them worried about climate change.

This has spurred many to take action and live more sustainably in the last 12 months. Most popular planned changes include reducing plastic usage (71%), shopping locally (62%), driving less (53%) or buying an electric or hybrid vehicle (32%), and consuming less meat and dairy (49%).

COST-SAVING MEASURES

However, the cost of living crisis is making it difficult for people in the UK to take action on climate change. The majority (65%) are concerned about the cost of living and a third (34%) are understandably now more concerned with their energy bills as opposed to living sustainably.

Many people are taking cost-saving measures this winter. Shockingly, 12% are even anticipating skipping meals. Sustainability is unlikely to be the priority with almost four in ten (38%) thinking that it's too expensive to live more sustainably. ■

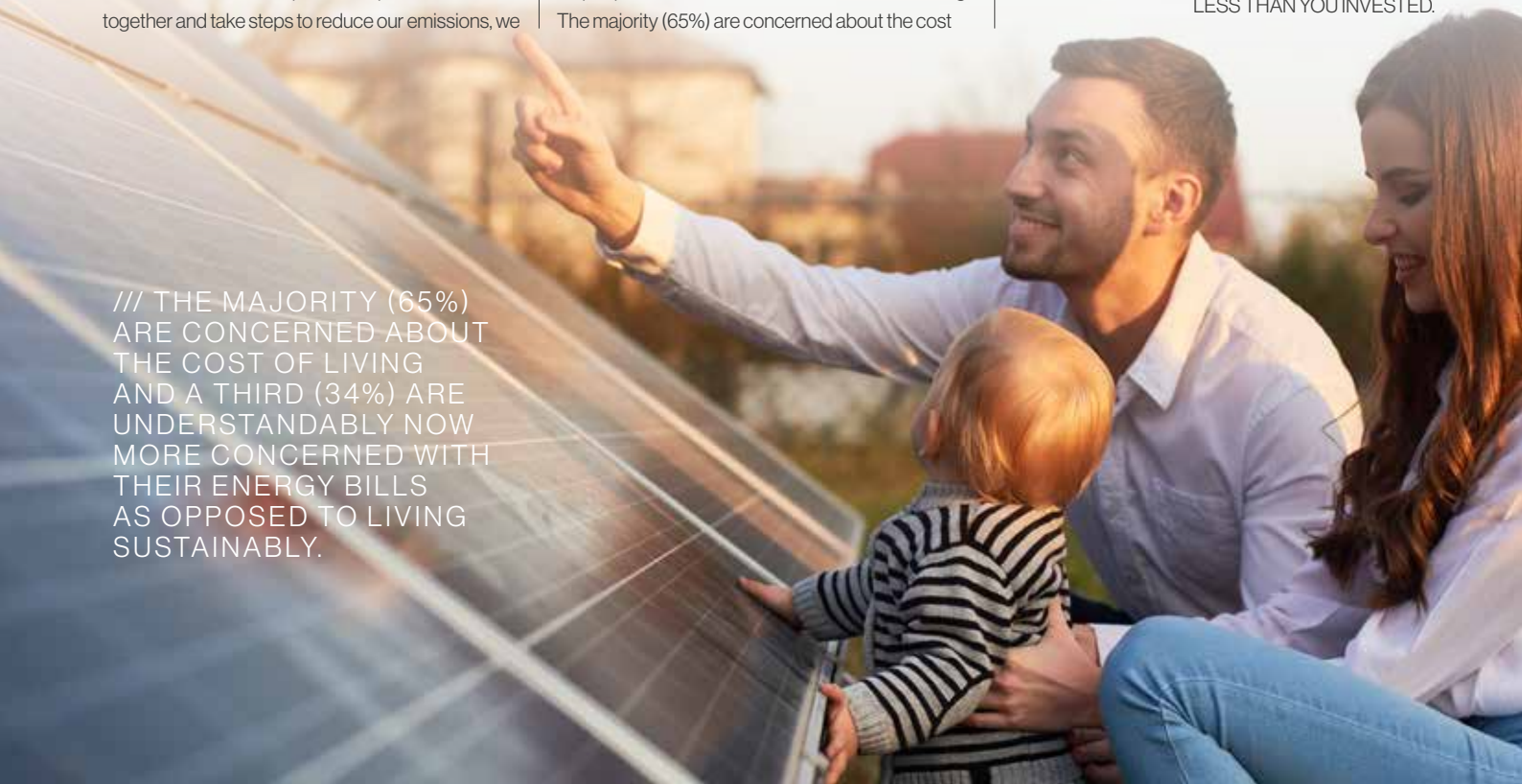
DOING YOUR PART TO HELP THE PLANET

By investing in such initiatives, individuals can not only do their part to help the planet but also benefit from potential returns on their investments, depending on market conditions. If you would like to discuss your options, please contact us.

Source data:

[1] Royal London surveyed 2,000 nationally representative UK adults aged over 18. Research was carried out by Opinium between 14 October and 18 October 2022.

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



/// THE MAJORITY (65%) ARE CONCERNED ABOUT THE COST OF LIVING AND A THIRD (34%) ARE UNDERSTANDABLY NOW MORE CONCERNED WITH THEIR ENERGY BILLS AS OPPOSED TO LIVING SUSTAINABLY.

INS AND OUTS OF **CGT**

WAYS TO POTENTIALLY REDUCE YOUR CAPITAL GAINS TAX LIABILITY

Capital Gains Tax (CGT) is a form of taxation imposed on profits earned from the sale of certain types of assets. Gains are calculated by subtracting the purchase price and related expenses (such as sales charges) from the selling price. They are generally taxed at a rate higher than income taxes in order to discourage speculation.

If you plan to sell assets that have appreciated in value, such as real estate, stocks or bonds, it is important to be aware of CGT and how it can affect your bottom line. Proper planning can help you minimise or even avoid CGT liabilities.

For years, the annual CGT exemption has been a useful way of reducing your liability for CGT on any profits you may make from investments or disposals of assets. But with news in last year's Autumn Statement that this exemption will be cut to £6,000 in 2023/24 and £3,000 in 2024/25, now is the time to take action if you want to protect your tax-free allowance.

Here are some ways to potentially reduce your CGT liability.

USE YOUR CGT EXEMPTION

Have you made full use of the current 2022/23 CGT exemption, taking into account the upcoming reduction of this exemption commencing from the next tax year? The Chancellor, Jeremy Hunt, in his Autumn Statement last November announced that the CGT personal allowance will be more than halved to £6,000 in April 2023, and halved again to £3,000 in April 2024.

It is important to consider making any capital gains before the end of this current 2022/23 tax year, in order to maximise your current £12,300 CGT exemption. This approach will ensure that you are able to take advantage of all available resources and protect yourself from incurring a large liability down the line.

MAKE USE OF LOSSES

When reporting capital gains to HM Revenue & Customs (HMRC), you may be able to reduce your tax liability by making use of losses. Losses and gains realised within the same tax year must be offset against each other, which in turn can help lower the overall gain that is taxable. Furthermore, any unused losses from earlier years can be carried forward for use, provided they are reported to HMRC within four years from the end of the corresponding tax year in which the asset was sold.

It's important to keep accurate records of all losses and gains so as professional advice can be sought when necessary. This can help ensure that you make the most out of available reliefs and minimise your CGT liability accordingly.

TRANSFER ASSETS TO YOUR SPOUSE OR REGISTERED CIVIL PARTNER

Couples and registered civil partners can take advantage of their combined annual CGT exemption by transferring assets between them. This is a tax-exempt transfer as long as it is a genuine, outright gift. By taking advantage of this exemption, couples and registered civil partners can benefit from increased capital gains opportunities that wouldn't otherwise be available on an individual basis. The assets can be any type of property or investments that are liable to CGT, such as stocks and shares, land, buildings, business assets or personal possessions.

It's important to note that the transferred asset will become part of the receiving partner's estate for Inheritance Tax purposes in the event of their death. This could potentially result in a larger Inheritance Tax bill, so professional advice should be sought before making any transfers. In addition, if the transfer takes place when the asset has appreciated in value, it's important to consider whether it would

benefit you more to pay CGT on the gain before transferring the asset and using your single annual exemption instead.

INVEST IN AN ISA (BED AND ISA)

Investing in an ISA can be beneficial for higher and additional rate taxpayers due to its exemption from CGT, so it is important to consider this option when making financial decisions. Gains and losses made on investments held within an ISA are exempt from CGT. Utilising the 'bed and ISA' tactic can be a professional way to maximise tax savings. 'Bed and ISA' is a way to invest without being exposed to the tax implications associated with CGT. By selling assets to realise a capital gain and then immediately buying back the same assets inside an ISA, all future gains can be exempted from CGT.

This helps investors make the most of their ISA allowance each year as they are able to use up to £20,000 in the 2022/23 tax year for single savers or £40,000 for married couples and registered civil partners. Investors need to understand that they may pay stamp duty and other costs when repurchasing investments in an ISA and there is a risk that time out of the market, however small, will detrimentally impact your investments.

CONTRIBUTE TO A PENSION

Making regular pension contributions from relevant earnings is a highly effective way to save on CGT. A pension provides an ideal opportunity for those looking to reduce their CGT burden while ensuring their funds remain secure in the long term. Investing in pensions could not only make you more tax-efficient but provide peace of mind that your money will still be available when needed most .

By contributing to your pension, you can effectively increase your upper limit of the Income Tax band. For example, if you make a gross contribution of £10,000 into your pension pot in the 2022/23 tax year, it would move the point at which higher rate tax becomes payable up from £50,270 to £60,270. This means that any capital gain plus other taxable income now falls within this extended basic-rate income tax band and as such CGT is payable at just 10% instead of 20% (18% on residential property gains).

GIVE SHARES TO CHARITY

One of the most rewarding ways to support a charity is to donate shares. By donating qualifying shares, you may be eligible for Income Tax relief and CGT relief from HMRC. This means that the value of your donation could be worth more than if you had donated money or other assets. It's important to remember that only certain types of UK shares qualify for CGT relief, so it's best to consult professional financial advice before making any donations.

Additionally, as with all donations, it's important to keep records of your gifts in case HMRC needs further information at a later date.Donating shares to charity can be an incredibly meaningful way to show your support whilst also benefiting from generous tax relief.

INVEST IN AN ENTERPRISE INVESTMENT SCHEME

Enterprise Investment Schemes (EIS) allow investors to benefit from CGT relief on investments. This tax relief applies to qualifying investments in smaller, unquoted trading companies and can significantly reduce the amount of CGT due as well as providing other potential benefits. Any gains made on investments in an EIS are tax-free if held for at least three years from the later of the date of issue or the date the qualifying trade begins. Moreover, it is also possible to defer a capital gain by investing that gain in an EIS qualifying company but only within one year before or up to three years after the gain arose.

Once money is taken out of the EIS qualifying company, the deferred capital gain will come back into charge. When investing in an EIS, professional advice should always be sought to ensure that you are making the most suitable decision for your individual circumstances. This scheme is higher risk than more traditional investments, so investors need to make sure that they fully understand the risks associated.

CLAIM GIFT HOLD OVER RELIEF

Gift hold-over relief is a tax consideration for anyone transferring business assets. If you meet the requirements, then you are eligible for a tax reduction when giving away certain business assets. To be eligible, there must be a genuine gift of the asset and the recipient must not make any payment in return. In addition, both parties must agree to the transfer and it must have been made at least one year before the date of sale by the recipient.

If you do qualify for gift hold-over relief, then you won't have to pay CGT on the gifted assets; however, if they are subsequently sold by the recipient they may incur CGT liabilities . It's important to note that it must be proven that the asset was given away and not sold in order for the relief to apply. If you're considering utilising gift hold-over relief, professional advice is advised as there are a number of conditions that must be met before being eligible.

CHATTELS THAT ESCAPE CGT

Chattels are personal possessions, such as antiques and collectibles, for which CGT does not always apply. Wasting assets – items with a predictable life of 50 years or fewer – may be exempt from CGT altogether provided they were not eligible for business capital allowances.

For non-wasting chattels, the CGT position depends on the sale proceeds, those under £6,000 usually being free of tax. It is important to seek professional advice if you are unsure about any aspect of CGT relating to your chattels so that you can ensure that you comply with the relevant legislation.

SEEK PROFESSIONAL ADVICE

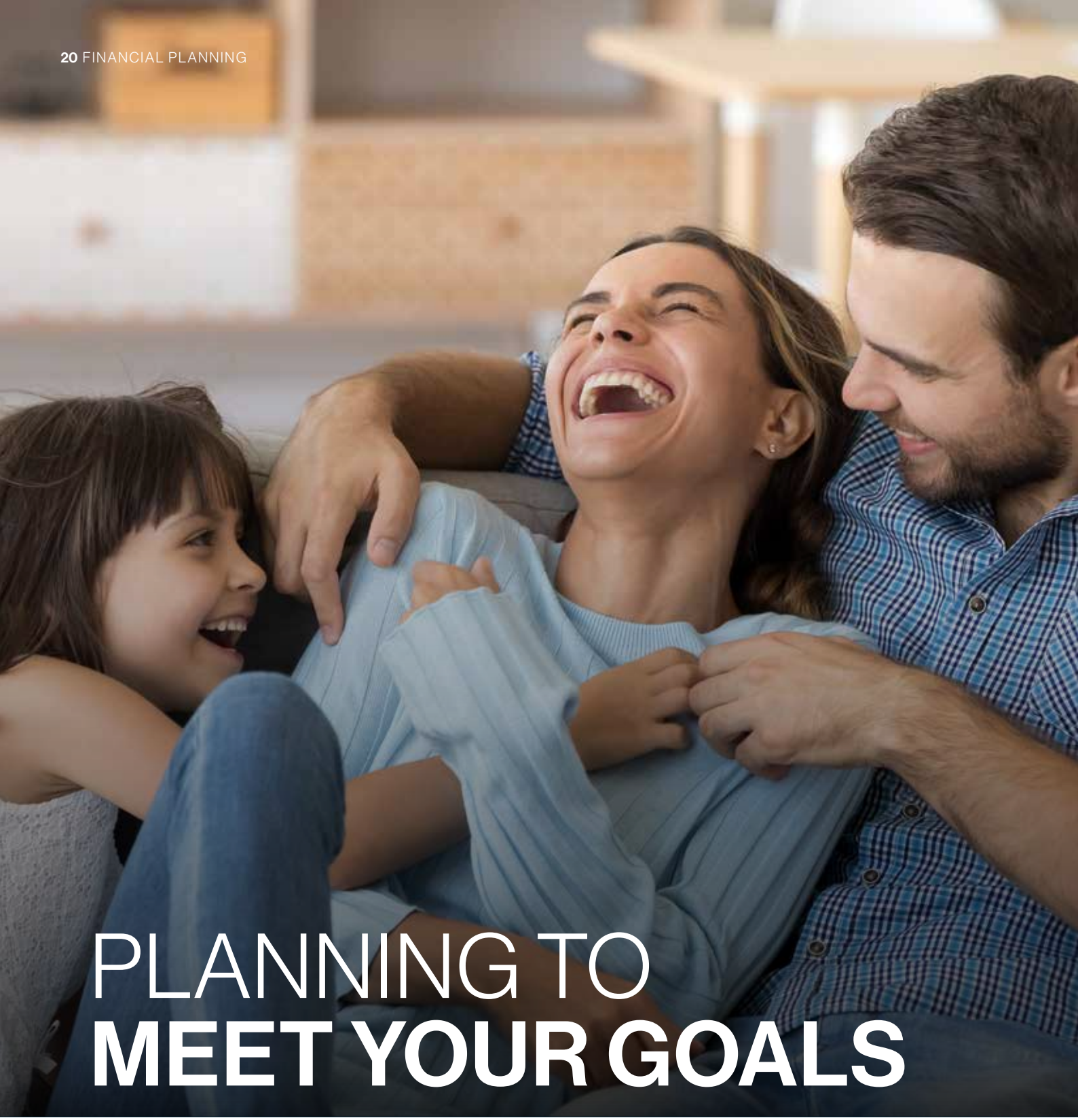
When it comes to CGT, professional advice is essential. Seeking professional financial advice can help you understand your CGT options, make sure you are taking advantage of all tax reliefs, allowances and exemptions available to you and advise on the best course of action for your individual circumstances.

We provide comprehensive professional advice and can help guide you through the complexities of CGT. We understand that each person's financial situation is unique, so our tailored advice will ensure that you get the most from your investments. ■

WANT TO FIND OUT MORE ABOUT YOUR OPTIONS?

Our professional advice can help you manage, review and plan for CGT effectively and provide peace of mind that all your CGT obligations are being met. To discuss your options if you're just getting started, please get in touch.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.



PLANNING TO **MEET YOUR GOALS**

HOW ADVICE CAN BOOST YOUR FINANCIAL WELLBEING

The professional advice received from a financial adviser can make it easier to understand your financial situation and help you create strategies for better money management. They will be able to provide tailored advice that considers your individual circumstances, goals and needs.

/// BY TAKING STEPS TOWARDS GOOD PERSONAL FINANCE, THIS WILL LEAD TO IMPROVED WELLBEING OVERALL. HAVING A SECURE FINANCIAL OUTLOOK IS USUALLY LINKED TO LOWER LEVELS OF STRESS, BETTER MENTAL HEALTH, AND INCREASED SATISFACTION WITH LIFE.

They will explain the options available, from setting up emergency funds to effectively managing debt or investments, helping you take control of your finances with confidence. They also offer guidance based on the latest legislation and tax regulations, so that you're making informed decisions about your money.

By taking steps towards good personal finance, this will lead to improved wellbeing overall. Having a secure financial outlook is usually linked to lower levels of stress, better mental health and increased satisfaction with life.

FEELING IN CONTROL

Receiving professional financial advice is the first step to helping create a secure financial future and when it comes to managing your finances it can help give you a sense of control. A professional financial adviser will provide objective insight into your current financial situation, helping you understand your incomings and outgoings and create an effective budgeting and savings plan.

They are also able to identify any potential debt issues and advise the best approach to tackling these. This advice will enable you to feel more confident in taking control of your day-to-day finances and secure in your overall financial wellbeing, giving access to knowledge that will set you up for success both now and in the future.

CAPACITY TO ABSORB A FINANCIAL SHOCK

By taking steps to review and plan for your finances, you can be well-equipped to absorb any financial shock that may arise. Establishing an emergency fund of six months' worth of essentials, combined with appropriate insurance policies, will help protect you and your family in the event of unforeseen circumstances. Taking security measures now is a wise decision that could save you potential hardship later on down the line. Protecting yourself financially can bring both peace of mind and long-term security.

It is therefore wise to assess the financial risks your household may face, and plan accordingly to ensure your financial security. By taking the time to review your finances with a professional financial adviser and put a protection plan in place, you can be well-prepared for any unexpected financial shock that may come your way.

ON TRACK TO MEET GOALS

Having professional advice is also a key part of ensuring you remain on track to meet your goals. Your adviser will assess your current situation and provide tailored guidance on how to achieve success in the future. They consider factors such as investment risk, taxes and any other financial implications so that you are able to make informed decisions about your money.

They will also help you decide which areas to focus on first and suggest strategies that could help you meet your aspirations while remaining within a comfortable level of risk, for example through utilising your ISA and pension options. With professional advice, you can rest assured that you are well-positioned to reach your goals and enjoy a higher degree of financial wellbeing.

FLEXIBILITY TO MAKE CHOICES

Having the flexibility to make choices is an important part of your financial wellbeing. A professional financial adviser will help you understand how different life decisions could impact your finances both today and in the future. This may include considering options like taking a career break, retiring early or selling a business. Being able to 'rehearse' these scenarios with professional guidance will help you feel more confident and secure when making difficult decisions, ensuring that you enjoy life to the full.

With professional advice, you will gain clarity over the potential impacts of any decision, now and in the years ahead. That's why it is important advice should always be tailored specifically to your own needs and goals – so it's best to consult an expert about your individual situation.

NEXT STEPS

Getting professional advice is the best way to reach your financial goals and secure your future. With a professional adviser by your side, you can create a tailored plan that takes into account your current situation and sets out exactly how you'll get where you want to be.

When it comes to money matters, you'll be able to relax knowing that all aspects of your finances are being taken care of. Plus, with regular reviews, your professional adviser will make sure things stay on track. ■

START YOUR JOURNEY TOWARDS GREATER FINANCIAL WELLBEING

We are here to help answer any questions you may have and provide guidance every step of the way. Start your journey towards greater financial wellbeing today. To find out more and to discuss your options, please contact us.

WHAT SORT OF LIFESTYLE WILL YOU **BE ABLE TO AFFORD?**

HOW INFLATION COULD BE IMPACTING ON YOUR RETIREMENT PLANS

Inflation can affect your retirement savings depending on what you do with that money. Leaving your money in a bank account with low interest is a risk, as your money will not outgrow the rate of inflation.

Thats why it's important to have an understanding of how inflation could be impacting your retirement plans and how best to respond. With the right strategies in place, you can still make progress towards achieving your goals and remaining financially secure during retirement.

RETIREMENT PLANS

The first thing to know is that inflation won't necessarily derail your retirement plans. The important thing is to recognise the impact it has on long-term savings and investments and take proactive steps to keep your goals in sight .

One option is to review your investment portfolio and consider assets that have the potential to outperform inflation. It may also be worth assessing and identifying further opportunities for growth and investment diversification.

FINANCIAL OBJECTIVES

Although inflation may have an impact on short-term finances, its effects are typically less dramatic over the long term. Regularly reviewing your financial objectives and taking steps such as increasing contributions to a pension plan or Individual Savings Account (ISA) can help ensure your retirement plans remain on track.

When it comes to managing cashflow, paying off debt should take priority over building up savings if you want to keep pace with inflation. Reducing interest payments can free up more money each month which can then be put into a retirement fund or other investments.

INCREASED CONTRIBUTION

If you find yourself falling behind on your retirement savings, it is important to take action now to get back on track. A useful first step could be to review your budget and identify any areas where you can reduce discretionary spending in order to maintain or even increase how much you are regularly contributing towards your pension.

This increased contribution will benefit from tax relief at your marginal rate of Income Tax up until age 75, making it an especially valuable move. However, make sure you only contribute what you can really afford, as pension money is locked away until age 55 (rising to age 57 from April 2028).

PHASING RETIREMENT

It is worth remembering that the amount you contribute should reflect what you can realistically afford in order to avoid taking on more financial commitments than you can manage over the long term.

Phasing into retirement is an option to consider. It would mean you can still maintain relationships and stay engaged with the professional world. Also, by working part-time or flexibly, you might be able to keep your pension fully invested and draw on other savings and investments to top up your lower income and still be able to retain benefits such as healthcare. This could help to provide additional financial security in your later years.

NEW OPPORTUNITIES

Additionally, a phased retirement gives you time to explore new opportunities and interests outside of work, while still earning money. It can also be a way to transition out of the professional world slowly and give yourself time to adjust to life after work. Whatever your motivations for a phased retirement, make sure it's right for you and that you fully understand the implications for your finances. Do your research and consider all scenarios before making any decisions about when you will retire.

Remember that no matter what your decision is, it's important to review all aspects of your finances. This will help ensure that you have the best chance at achieving a comfortable retirement lifestyle. With the right planning, phasing or delaying retirement could be a choice that helps you to have the retirement that you want.

FINANCIAL BENEFIT

Before deciding whether to take a tax-free lump sum from your pension, professional advice should always be sought so you fully understand the implications of withdrawing large sums in one go. You will need to consider not only the immediate financial benefit, but also how it might affect your future retirement income.

This means looking at your options, discussing potential risks, suggesting appropriate strategies and explaining possible tax consequences so that you can make an informed decision about your pension. Ultimately, receiving professional advice will help you decide whether taking a lump sum from your pension is the best decision for you and your long-term financial security.

MANAGING FINANCES

Individual Savings Accounts (ISAs) are another tax-efficient way to supplement your income in retirement. Unlike pensions, the proceeds you withdraw from an ISA are completely tax-free. So if you have any savings that you can put aside relatively safely and access when necessary, this could be an ideal solution for managing your finances during retirement.

It may also be appropriate for you to consider investing in stocks or bonds, as these could provide even greater returns over time with some risk attached. However, it's important to remember that stock market investments carry a certain amount of risk and can go down as well as up, so professional advice should always be taken before investing large sums of money.

GOLDEN YEARS

When planning your retirement income, make sure you factor in other sources such as inheritance or rental income. This will help to ensure that you have enough money to enjoy your later years in comfort and security. Additionally, annuities may also be a way to turn your pension pot into a regular income stream. An annuity is an insurance policy taken out with an insurer that pays out a fixed sum each year until the policy matures or you pass away.

Overall, you should consider all of your options when planning for retirement. Using professional advice and understanding the different types of investments available can help you make informed decisions and maximise your income during the golden years of life. ■

NEED TO PROTECT YOUR LONG-TERM SAVINGS AND INVESTMENTS FROM INFLATION?

To discuss the measures necessary to protect your long-term savings and investments from inflation to achieve your retirement goals, please contact us for more information.

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

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

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

UNDERSTANDING **PENSIONS**

A TOPIC HIGH UP ON THE RECRUITMENT RADAR

It is essential that employers provide clear information regarding their commitment to a pensions scheme. Many employers do already work hard at improving an understanding of pensions among their workers, but research shows that people want to know the level of commitment even before they start their first day[1].

So this needs to include the terms of the plan and how it will be paid for or matched by the employer. By providing this information, an employee can feel confident that they are making an informed decision about their long-term financial security when joining their new workplace.

ASPECTS OF PLANNING

Additionally, it establishes trust between employers and employees from the outset, allowing both parties to focus on building a strong professional relationship. Furthermore, employers can use this opportunity to highlight any additional benefits available with retirement plans, such as professional advice and guidance to help ensure all aspects of planning are being addressed.

The research also highlights that the most important consideration for job seekers in the UK is work-life balance (82%), followed by salary (80%) and the commute (70%). Pension arrangements (65%) rank fourth on the list of importance. This is despite the fact that, similar to basic salary, details of the workplace pension plan are often not included in the job advert.

TOTAL REWARD PACKAGE

It's a clear signal to employers that including the total reward package, both monetary and non-monetary, is a good move. Even more so in the current environment where employers face not only a more fluid labour market, where job rotation sees workers moving jobs more frequently, but also the lowest unemployment figures in nearly 50 years.

The challenge for employers to attract and retain the right candidates is clear, as the concept of a job for life has well and truly had its day. The research shows more than one in five under-25s have already worked for five or more employers. In fact, just 8% of 18-24-year-olds expect to be with their first employer for more than five years, moving jobs much more frequently than previous generations.

DEMANDS OF WORKERS

The generational shift can also be seen in the demands of workers. Younger people place greater importance on flexible working patterns. Seven in ten (71%) of 18–34-year-olds see flexible working patterns as important or vital when applying for a new job, compared to three-fifths (62%) of 35-54-year-olds and half (49%) of those 55 and over.

From an employer's perspective, advertising details of the workplace pension can be key to attracting and retaining talent. Research from the online job website Indeed found that less than half (49%) of job adverts listed pensions as a benefits[2].

STATUTORY MINIMUM CONTRIBUTION

Faced with a competitive job market, businesses are having to compete hard to attract the best talent and employers need to make themselves as attractive as possible. As a result, employers may want to consider being more upfront with details of their pension arrangements in future, even if they're just providing the statutory minimum contribution.

While workers are most likely to prioritise work-life balance, it's clear that pension benefits are an important factor that feature surprisingly high up on the recruitment radar. To help tackle skill shortages, organisations need to tune in to the components workers value most when changing jobs. Shining more light on the benefit of a pension could help differentiate them in a competitive job market and secure the best candidates. ■

TALK TO US TODAY ABOUT YOUR FUTURE RETIREMENT PLANS

Start talking to us today about your future retirement plan and we can help you make sure it's a resilient one. We understand our clients' goals, aspirations and dreams – we'd love to understand yours too. It's time to start talking. For more information, please contact us.

Source data:

[1] Royal London partnered with independent research agency Cicero/amo to undertake a nationally representative survey of 3,042 adults in the UK. Fieldwork was conducted between 13 – 24 May 2022. Royal London has published a new report - 'The Future of Auto Enrolment', to celebrate the 10th anniversary of the introduction of Automatic Enrolment.

[2] A review of 400 job listings (by online job postings website Indeed) across marketing, tech, insurance, and customer service sectors, found that less than half (49%) of job adverts in February 2022 listed pensions as a benefit.

INSURANCE THAT WORKS **WHILE YOU CAN'T**

WOULD YOU BE ABLE TO CARRY ON PAYING THE BILLS USING STATUTORY SICK PAY OR YOUR SAVINGS?

Consider how you would cover your usual monthly costs if you were ill or injured and couldn't work for a while. Would you be able to carry on paying the bills using statutory sick pay or your savings? If not, it's worth thinking about.

Three in five people with the right protection in place would feel more financially resilient if they had a policy that paid if they were unable to work due to illness or injury, research highlights[1]. That is why is it so important for people to obtain professional financial advice and find a protection solution to protect themselves and family.

FINANCIAL POSITION

Protecting income should be at the heart of building financial resilience. But worryingly, 45% of 25-44-year-olds without a protection policy are not confident they could financially cope if they fell ill. Over a quarter (28%) of workers in this age group would struggle to pay household bills if they were unable to work for two months or more.

Half also say their partner relies on their income, and they need both incomes to cover their monthly outgoings. So as the cost of living crisis bites, it is even more important to ensure we have the right conversations with customers about their financial position if they are unable to work.

DISPOSABLE INCOME

The research also highlights that almost half of people surveyed are not confident they could cope financially if they fell ill. This lines up with UK savings statistics which tell us that 41% of Britons don't have enough savings to live for one month without income.

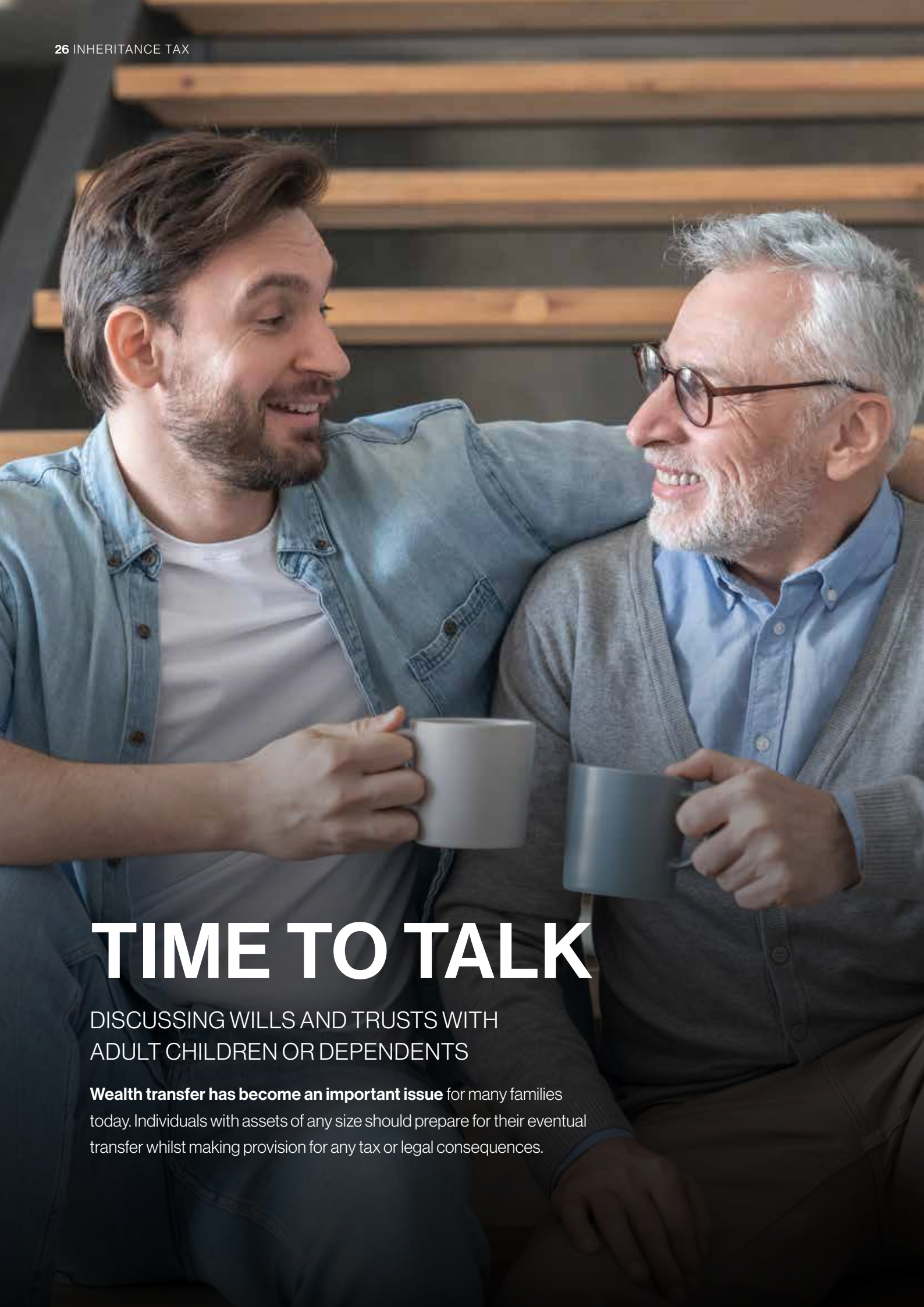
Nobody wants to worry about how they would cope financially if they were ill or injured and couldn't work. The reality is, with the likelihood of disposable income in real terms going to contract for many people, this makes protection even more crucial. ■

GIVE YOU AND YOUR FAMILY PEACE OF MIND AGAINST YOUR LOSS OF INCOME

Should you find yourself unable to work due to illness or injury, having the right protection in place will give you and your family peace of mind against your loss of income. If you have any concerns and to find out more, please contact us.

Source data:

[1] LV= surveyed 4,000 nationally representative UK adults via an online omnibus conducted by Opinium between 16th August and 1st September 2022.



TIME TO TALK

DISCUSSING WILLS AND TRUSTS WITH ADULT CHILDREN OR DEPENDENTS

Wealth transfer has become an important issue for many families today. Individuals with assets of any size should prepare for their eventual transfer whilst making provision for any tax or legal consequences.

/// PARENTS AND GUARDIANS SHOULD MAKE FORMAL ARRANGEMENTS SO THAT UPON THEIR DEATH THE APPROPRIATE PLANS ARE IN PLACE TO ENSURE THE PEOPLE THEY WISH TO BENEFIT FROM THEIR ESTATE WILL DO SO, WITH THE ESTATE SETTLED AS QUICKLY AS POSSIBLE AND WITH MINIMAL INHERITANCE TAX.

But more than half of parents (57%) haven't spoken to their adult children about their Will, according to new research[1]. Nearly a quarter (24%) of adults haven't discussed making a Will with their partner or spouse, while almost a third (31%) were unsure if they understood the long-term benefits of putting their assets into a trust or finalising a Will.

LONG-TERM FINANCES

The survey also revealed one in two (49%) adults admit that talking about long-term finances, especially in the event of death, with family members is difficult. When it comes to discussing Wills and trusts with adult children or dependents, over two-thirds (69%) of parents say they feel responsible for the financial wellbeing of their children if they were to pass away.

Despite this, 57% admitted they haven't talked to their children about long-term finances, while nearly one in ten (9%) parents said they weren't sure how to approach the topic. The survey finds 47% of people have their children down as a beneficiary of their Will – higher than other forms of support, such as a deposit for a house or flat (19%), a savings pot with regular contributions (16%), or covering the cost of transport, such as a car (15%).

MINIMAL INHERITANCE TAX

Parents and guardians should make formal arrangements so that, upon their death, the appropriate plans are in place to ensure the people they wish to benefit from their estate will do so, with the estate settled as quickly as possible and with minimal Inheritance Tax.

If there is no Will, the deceased's estate will be distributed under the terms of law, which may not align with their loved one's wishes. Receiving the right professional advice and setting up a financial plan can ensure you are best able to look after your family when the time comes.

GIVING PEACE OF MIND

With so many different options, it can be overwhelming. The research found that two-thirds of adults (69%) understand the long-term benefits of finalising trusts and Wills, but that still leaves many who don't.

It's important to have plans in place to protect your assets and loved ones, today and in the future. It might be difficult to think about, but it ensures your wishes will be met, giving you peace of mind. The outcome of not having a Will or trust in place can be costly – so knowing the difference between Wills and trusts, and putting them in place appropriately, can provide vital benefits.

WEALTH AND ASSETS

When looking to leave assets to family members, Inheritance Tax is a key consideration. Effective estate planning can help in ensuring your wealth and assets go to your loved ones. By setting up a trust you can effectively put the money outside of your estate, which could be efficient for Inheritance Tax purposes.

Assets held within a trust do not usually form part of your estate upon death, provided that you live for seven years after placing the assets into trust. Therefore, it's likely they won't be liable to Inheritance Tax.

UNDERSTANDING THE OPTIONS

Effective estate preservation planning could save a family a potential Inheritance Tax bill amounting to hundreds of thousands of pounds. Inheritance Tax planning has become more important than ever, following the government's decision to freeze the £325,000 lifetime exemption until April 2028, with inflation eroding its value every year and subjecting more families to Inheritance Tax.

Over half of Britons (57%) believe it's important to seek financial advice when it comes to long-term financial planning, which is absolutely right. Seeking advice from a professional ensures you fully understand the options available, and recommendations are made in line with your requirements, giving you peace of mind.. ■

LOOKING TO PASS ON MORE OF YOUR WEALTH IN THE MOST TAX-EFFICIENT WAY?

We all have different objectives in life and need different strategies to help achieve them. We can help you build a strategy that provides financial support to your family and helps you pass on more of your wealth in the most tax-efficient way – please call us for more information.

Source data:

[1] The research was conducted by Opinium Research and surveyed 2,000 UK adults between September 5-13, 2022.

INHERITANCE TAX PLANNING IS A HIGHLY COMPLEX AREA OF FINANCIAL PLANNING.

INFORMATION PROVIDED AND ANY OPINIONS EXPRESSED ARE FOR GENERAL GUIDANCE ONLY AND NOT PERSONAL TO YOUR CIRCUMSTANCES, NOR ARE INTENDED TO PROVIDE SPECIFIC ADVICE.

PROFESSIONAL FINANCIAL ADVICE SHOULD BE OBTAINED BEFORE TAKING ANY ACTION.

INHERITANCE TAX PLANNING IS A HIGHLY COMPLEX AREA OF FINANCIAL PLANNING. THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE INHERITANCE TAX PLANNING.

MENOPAUSE **IN THE WORKPLACE**

UNIQUE RETIREMENT PLANNING CHALLENGES WOMEN FACE

Women make up nearly half of the UK workforce, but many feel forced to reduce their hours at work, pass up promotions and even leave their jobs due to lack of menopause support. While symptoms vary between individuals, for many women the menopause can have a big impact on their everyday life.

It's only further down the line that the resulting missed pension contributions become apparent, but by then it may be too late. A new report, 'Bridging the Gender Pension Gap',[1] looks at the unique retirement planning challenges women face, as well as the contrasting attitudes and savings behaviour of women and men.

SIGNIFICANT GENDER PENSION GAP

Women face a number of challenges that could limit their ability to save for retirement and, ultimately, contribute to a significant gender pension gap. These include an unequal distribution of caring responsibilities, the eligibility criteria for automatic enrolment which disadvantages those (mainly women) in part-time work, and the menopause.

Despite the menopause being a life event that almost all women will encounter as they grow older, it is a factor widely unregistered when discussing women's retirement savings. Menopausal symptoms have forced thousands of women to reduce their hours or, worse still, leave work altogether. As a result, these women are missing out on important pension savings at a key stage in their life.

SAVING WHEN APPROACHING RETIREMENT

The analysis demonstrates the dramatic impact the menopause can have on women's pension savings. A 50-year-old woman in full-time work until the State Pension age of 67 could be better off by over £126k in pension savings when compared to a counterpart who stopped working at the same age. Women reducing their working hours at age 50 could lose out on £63k in their pension pot.

Workers are most focused on saving when approaching their retirement. Those aged 55 and over are saving the greatest amount, more than twice as much as those aged 18-34. Being able to save during this stage of life is critical to achieve healthy retirement savings.

EARNINGS AS A BARRIER TO SAVING

There are significant disparities between women and men when it comes to their confidence, approach to, and outlook for retirement. The research finds that men are saving more into their workplace pension. Just 20% of eligible women contribute over the statutory minimum of 8% to their workplace pension, compared to 28% of men.

Earnings present a key barrier to women saving more. 50% of women view their earnings as a barrier to saving more versus just 30% of men. As a result of saving less, women are significantly less confident than men that their pension contributions will be enough to provide them with sufficient income for the duration of their retirement.

SUSCEPTIBLE TO LEAVING THE WORKFORCE

Almost half of women (48%) said they weren't confident, compared with only 28% of men. Overall, women have much wider and deeply felt concerns about what retirement may have in store for them. While the introduction of automatic enrolment ten years ago helped more women than ever save into a pension, the UK still faces a yawning gender pension gap.

Women in their 50s, for a variety of reasons, are much more susceptible to leaving the workforce than men. Separate studies show that caring responsibilities mean women are twice as likely to be forced to leave their job than men. However, a notable barrier to remaining in work, which is only just beginning to receive increased awareness, is the menopause. ■

ARE YOU CONFIDENT YOU HAVE ENOUGH MONEY FOR A COMFORTABLE RETIREMENT?

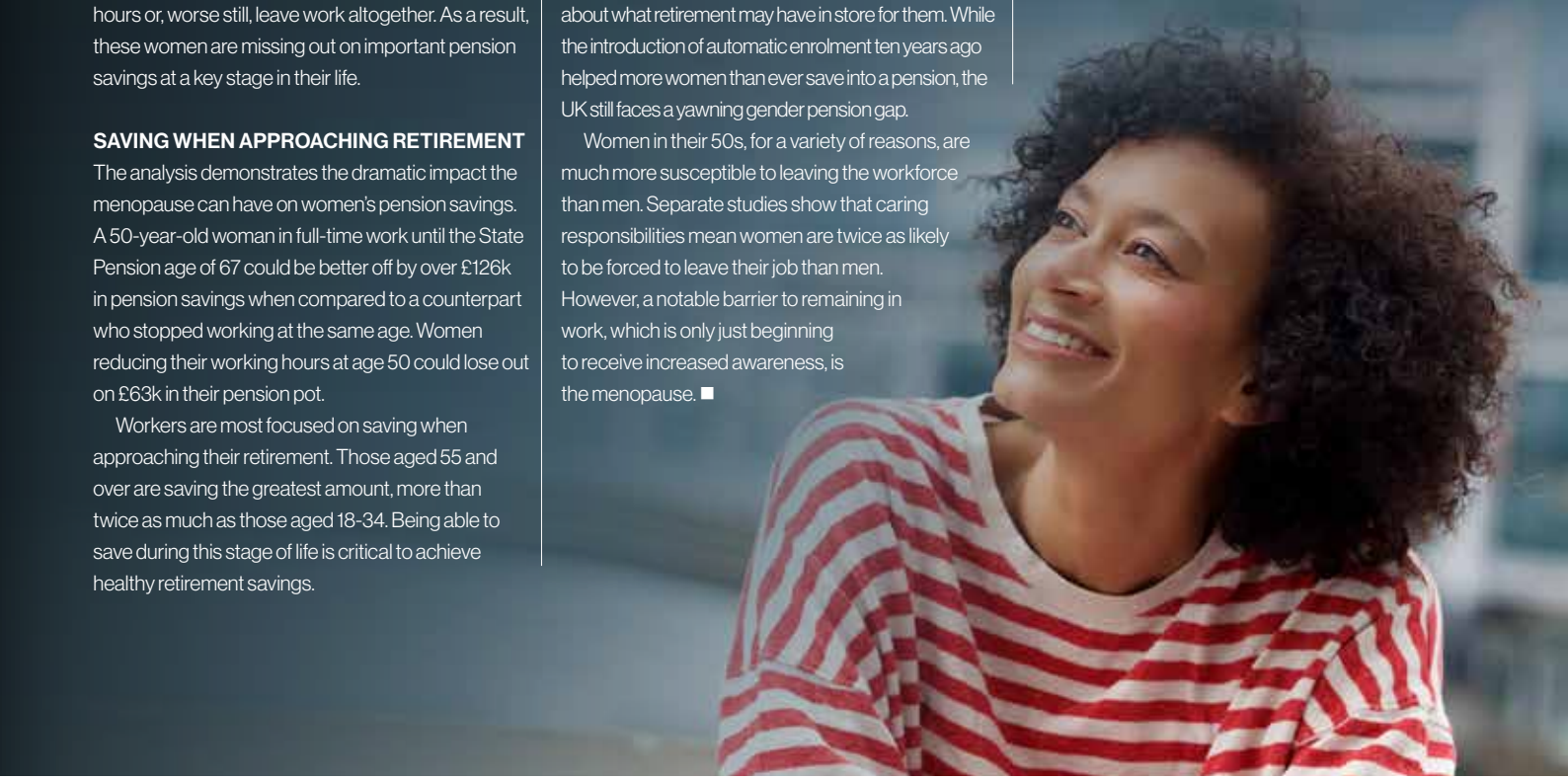
For most, retirement will be funded in the main by a pension. It is therefore vital you have a robust plan in place that will allow you to grow and protect your pension, both now and in the future.

With ever-changing rules and regulations, we now have a pension system that is often difficult to navigate, putting many off using this as a savings vehicle. To find out more, speak to us to discuss your options.

Source data:

[1] Royal London partnered with independent research agency Cicero/amo to undertake a nationally representative survey of 3,042 adults in the UK. Fieldwork was conducted between 13–24 May 2022.

Based on women having £100,000 fund at age 50, salary of £40,000 for full time and £20,000 for part time, 10% pension contributions based on full earnings and 5% fund growth, their respective fund sizes at age 67 would be £355,510 for the full-time worker and £292,356 for the part-time worker – a difference of £63,154.



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