ATTAIN
WEALTH
MANAGEMENT

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WEALTH SUCCESSION

MAKING THE RIGHT PREPARATION FOR FUTURE GENERATIONS

GOALS DON'T JUST HAPPEN, YOU HAVE TO PLAN FOR THEM
How professional financial advice benefits both you and your family

TIME TO RETIRE?
Planning your finances to be sustainable for the long term is key

CRITICAL ILLNESS COVER, YOUR QUESTIONS ANSWERED
Protecting against the financial impact that a serious illness can cause

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INSIDE THIS ISSUE

Welcome to our latest edition. In this issue, financial planning can be a daunting and uncomfortable conversation for many, but thankfully attitudes towards talking about money are changing. Wealth succession should be an integral part of your financial plan as early as possible – because the right preparation now can have positive long-term impacts on future generations. On page 08, before you start this process, we consider the questions you need to ask.

When it comes to managing your finances, the wealth of resources now available can make it easy to try and go it alone. However, obtaining the right advice from a qualified professional financial adviser will ensure you are able to plan ahead by including expectations for items such as inflation, market declines and your protection requirements, so you can stay on track. Read the full article on page 05.

Also in this issue, there are signs and targets that can signal that you are prepared to retire, but it can be difficult to figure out when you are truly ready to retire. We may think of retirement as being centred around a particular age or monetary amount. When we get to 'X' years old or have 'Y' amount of money, we can move on to our 'golden years'. On page 12 we look at the main questions to ask yourself for a secure financial future.

People are increasingly becoming more concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack. With rising rates of serious illnesses, people are becoming more aware of their need to be covered and secure proper protection against critical illnesses. In challenging times, the number one priority is to support those you love. Turn to page 11.

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

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LOOKING FOR A FRESH PERSPECTIVE ON WHAT'S POSSIBLE?

Financial planning may be complex, but it doesn't have to be difficult. Whether it's planning for your future, or growing and protecting your wealth, we'll give you a fresh perspective on what's possible. 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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FINANCIAL JARGON

7 OUT OF 10 ADULTS ARE PUZZLED BY FINANCIAL MATTERS LINGO

Being informed about financial matters is essential to making sound decisions and staying in control of your money. Unfortunately, many people feel confused by the jargon used in financial discussions and services.

A recent study of UK adults reveals that seven in ten feel puzzled by financial jargon, while three-quarters don't understand the concept of 'the economy'[1]. Those aged 18-24 are the least likely age group to be confused by financial terms, with only 52% feeling puzzled compared to 69% across all age groups.

MOST AT A LOSS

However, younger respondents admit to being the most at a loss when it comes to managing money. 58% of those aged 18-24 confess they are perplexed by this task, compared to only 23% of people aged 55 and over.

The study revealed that younger people are also less likely to have heard of financial products and terms, which could explain why those aged 18-24 are the least confused by financial jargon. The survey also found that only 61% of 18-24s have heard of the term 'pension' compared to 97% of respondents aged 55 and above.

FINANCIAL TERMINOLOGY

In addition, only a quarter (25%) of 18-24s know about 'contents insurance' whereas almost all (92%) of those aged 55+ have heard this phrase. Furthermore, less than three-fifths (57%) of 18-24s recognise the term 'inflation'.

The results suggest that although younger respondents may not be as confused by financial terminology as other age groups, they may lack understanding when it comes to some key financial products and money management skills.

LACK CONFIDENCE

Despite having heard of some key investing terms, many people lack confidence in understanding what they mean. Just 43% of those who have heard the term 'gilt' know its meaning and only 59% of those aware of an 'annuity' feel confident in its definition. Similarly, 61% of people who have heard of an 'ESG fund' are comfortable with its meaning.

Many people find financial matters confusing and it can be easy to avoid the things we don't understand. However, once these matters become clear, it can lift a huge weight off our shoulders. ◀

READY TO TELL US ABOUT YOUR FINANCIAL AIMS?

Depending on your individual situation, financial planning doesn't have to be complicated. We know you'll have different priorities for your wealth at different points in your life. Whatever your financial aims, we have the expertise, products and services that can help you achieve them. To find out more, please speak to us.

Source data:

[1] The research was carried out by Ipsos UK on behalf of Aviva. Ipsos UK interviewed a representative quota sample of 2,379 adults aged 18+ in the United Kingdom using its online i:omnibus between 1-3 November 2022.

GOALS DON'T JUST HAPPEN, **YOU HAVE TO PLAN FOR THEM**

HOW PROFESSIONAL FINANCIAL ADVICE BENEFITS BOTH YOU AND YOUR FAMILY

When it comes to managing your finances, the wealth of resources now available can make it easy to try and go it alone. However, obtaining the right advice from a qualified professional financial adviser will ensure you are able to plan ahead by including expectations for items such as inflation, market declines and your protection requirements, so you can stay on track.

Receiving professional advice is one of the main advantages of working with a financial adviser. Without obtaining this advice, there may be risks that you are disregarding. Emotional factors also have an influence on financial decisions and these can cloud our judgement, causing us to make illogical or irrational choices.

ACHIEVING YOUR GOALS

This includes confirmation bias, when we seek out information that reinforces an existing belief, which can lead to overconfidence in investment decisions. Your financial adviser will help provide objectivity and identify any possible risks you may not be aware of.

Having financial goals is also one of the main reasons to obtain advice. Whether it's planning for retirement or another objective, having an experienced professional by your side can help you create and execute an investment plan tailored to achieving your individual goals.

SUCCESSFUL INVESTMENT PORTFOLIO

If you are planning for your retirement, you now have more choices than ever before. While this offers numerous opportunities, it also means that careful consideration and knowledge of pension allowances, tax-efficient savings and other factors have become essential in order to ensure a comfortable retirement.

Knowing what assets you hold and having a clear strategy is key to creating a successful investment portfolio, but these portfolios can become complicated over time. For example, you may have investments with several different providers, overlapping funds or funds that don't align with your goals any longer.

START MINIMISING TAXES

In such cases, it may be beneficial to bring all of your investments together and simplify the portfolio. Your adviser will help you do this, as they will be able to construct a streamlined portfolio with a clear strategy suited to your specific needs and risk tolerance.

When it comes to wealth building and preservation, tax planning is key. Investing within an Individual Savings Account (ISA) can be a way to start minimising taxes. However, there may be more complex strategies available that could further reduce the amount of taxes you have to pay. That's where professional advice, if appropriate, will ensure you are able to maximise your tax savings by taking advantage of alternative sophisticated strategies.

PROVIDING INVALUABLE GUIDANCE

In addition, to maximise potential returns within your risk appetite, it will be appropriate to look beyond domestic stocks. When managing your own portfolio, you may sometimes be guilty of suffering from 'home bias', which involves over-investing in local stocks at the cost of international ones. Your financial adviser will help you to use the full breadth of investment opportunities and make sure that you are getting the best potential returns.

If you have recently come into a large sum of money, it can be difficult to know what to do with it. Your financial adviser can provide invaluable guidance in this situation and help you make the right decision. You'll have many questions such as should the money be invested or used to pay off your mortgage? Will there be tax implications? And is it best to invest all at once or over time? It's important to remember that tax treatment varies according to individual circumstances and is subject to change.

COMPLEX FINANCIAL MATTERS

Your adviser will be able to assist you with these decisions, ensuring that you get the best possible returns and maximise your wealth in the long term.

When it comes to complex financial matters, receiving professional financial advice is important. For instance, the introduction of the Lifetime Allowance means that investors must now be aware of how much they accumulate in their pension accounts, or risk facing an excess tax charge. With expert guidance, you can plan accordingly and make sure that your retirement goals are met without risking a substantial tax bill. ◀

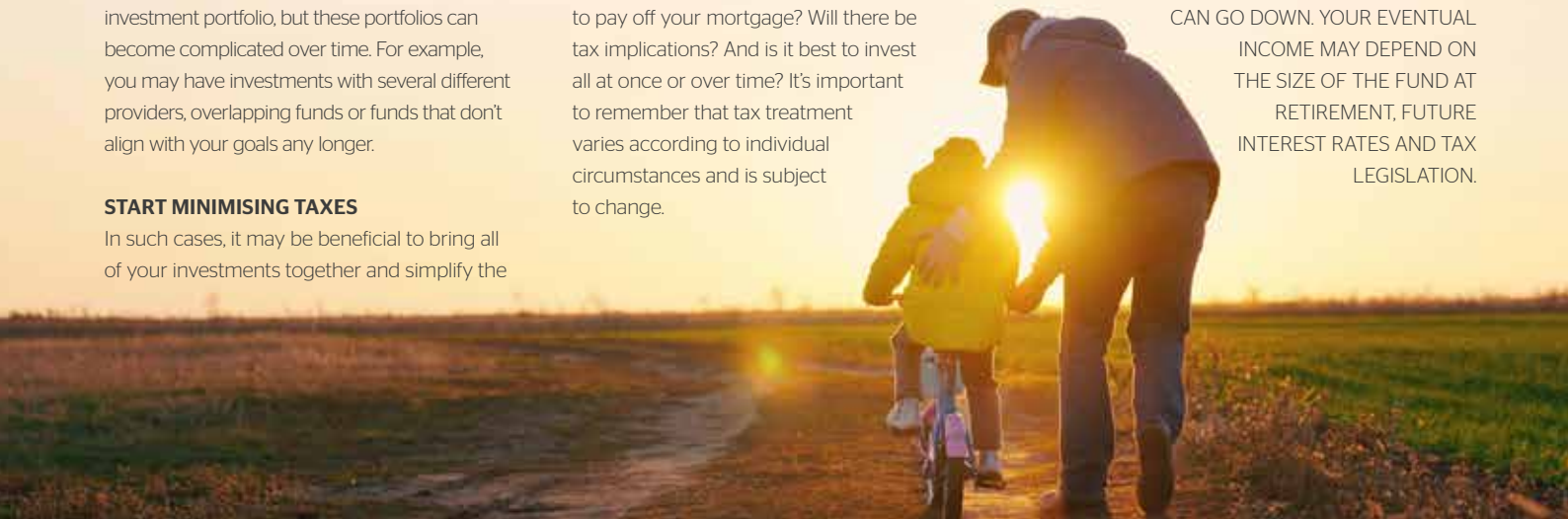
NEED A PERSONAL AND PROACTIVE APPROACH TO MANAGING YOUR WEALTH?

We can help you to understand how investments work and how market changes will affect them. We'll also explain the associated risks and inform you on how proposed changes in legislation may affect your current and future tax strategies, so that you can make decisions with all the facts in mind. To tell us about your goals and how we can help you, please contact us.

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

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

A PENSION IS A LONG TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN. YOUR EVENTUAL INCOME MAY DEPEND ON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION.



RISING PRICES CAN **WIPE YEARS OFF RETIREMENT POTS**

HOW TO PROTECT YOUR PENSION INCOME AGAINST INFLATIONARY PRESSURES

For anyone feeling the effects of rising inflation rates, it's important to ensure that your retirement fund isn't significantly impacted. While this can be challenging in such an uncertain economic climate, there are measures you can take to ensure that your savings don't suffer.

Here are some tips to help you protect your pension income for the future.

POSTPONING RETIREMENT

Retiring later can have multiple advantages. It can be a financially wise decision to postpone retirement when inflation is high. Postponing retirement also gives you more time to invest and contribute funds towards your pension pot, allowing you to enjoy a larger sum of money when you eventually retire. Additionally, individuals who choose to retire later can benefit from longer periods of regular income which can be used for extra retirement savings to combat the impact of inflation in retirement.

Furthermore, delaying retirement will allow you to better prepare for future financial commitments such as mortgage repayments and other cost of living outgoings. If appropriate, by postponing your retirement you can make sure that you have the financial security and peace of mind needed for a comfortable retirement.

CONSIDER WHERE YOUR PENSION IS INVESTED

When inflation rates are high, it's important to take steps to ensure that your retirement savings aren't adversely affected. Not only will this give you peace of mind about the future value of your pension pot, but it may also prove to be financially rewarding in the long run. One of the most effective ways to do so is by diversifying your investments and spreading out your money across different asset classes.

Having a diverse portfolio can help protect you from losses due to market volatility or inflation and provide access to a broad range of investments while reducing risk. Keeping track of these fluctuations enables you to plan ahead and adjust your investment strategy as necessary. By taking all these factors into consideration, you can ensure that your retirement savings are secure even in a period of high inflation.

KEEP CONTRIBUTING

Despite inflationary pressures, continuing to contribute to your pension pot can be a wise decision. Not only is your retirement fund likely to outperform cash savings, but it also allows you to take advantage of the tax relief top-up on contributions offered by the government.

The amount of relief you receive is based on the rate of Income Tax that you pay. If you are in the highest rate Income Tax bracket you can claim additional relief through your self-assessment tax return, enabling you to save even more for your retirement. However, depending on how your pension scheme works, if you don't pay tax you might not receive tax relief.

ALREADY WITHDRAWING A PENSION

For those with a defined contribution pension who are already taking an income, it might be beneficial to reduce the amount you are withdrawing in order to keep more of your pot invested. This strategy can help protect your retirement fund against volatile markets and rising inflation levels as the fund manager will monitor the investment performance, making necessary adjustments.

Those with a defined benefit pension need not worry about adjusting for inflation as this is taken care of automatically. ◀

WHERE ARE YOU ON YOUR RETIREMENT JOURNEY?

Regularly revisiting your financial plan and retirement planning is essential in order to ensure your long-term security and prosperity. No matter what strategies you decide to implement going forward, we will provide valuable insights into making the right choices for your future. Please contact us to discuss your future plans.

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.

GIVING RETIREMENT A SECOND THOUGHT?

OVER A THIRD OF OVER-55s THINK THEY WILL WORK BEYOND THEIR STATE PENSION AGE

We are witnessing a surge in the number of people giving retirement a second thought due to inflation rates and the cost of living crisis. Not only are more individuals looking to work beyond their State Pension age, but some are returning to employment after retiring due to increasing financial pressures.

Over 2.5 million people aged 55 and over will be impacted by the long-term effects of financial insecurity and think they will continue to work past their State Pension age. Additionally, half of those aged 55 and over don't believe their pension is enough to fund their retirement, a new survey has revealed[1].

INCREASING COST OF LIVING

Nearly four in ten over-55s who are not retired anticipate having to work past their State Pension age due to the increasing cost of living. Financial concerns surrounding retirement funding are the top drivers behind working beyond State Pension age.

A quarter (23%) are uncertain of how long their retirement savings will last, and almost one-fifth (18%) admit to not having made any preparations for when they stop working.

ABILITY TO REMAIN EMPLOYED

Nearly half (46%) of the millions of older workers expecting to work past their State Pension age are apprehensive that doing so will mean they can't enjoy their later years.

Health, too, is another major concern, with nearly half (45%) worrying their health will deteriorate as a result of having to continue working and more than a third (35%) concerned it will affect their ability to remain employed.

HEAVY FINANCIAL STRAIN

Worryingly, 16% are concerned about being treated differently or worse at work because of their age and the same number worried about not being able to spend enough time with their family due to work commitments.

Looking ahead, the older workforce is expected to be crucial to the UK's economic recovery as it will help ease severe labour shortages, yet this warning sign points to heavy financial strain many are facing. ◀

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WILL YOU ENJOY THE RETIREMENT YOU DESERVE?

We all want to be in control of our retirement plans and feel confident we can stop working when we want to so that we can enjoy the retirement we deserve. If you are worried about how your current situation and the cost of living could impact on your retirement savings, we are here to talk through your options. To find out more, please speak to us.

/// NEARLY FOUR IN TEN OVER-55s WHO ARE NOT RETIRED ANTICIPATE HAVING TO WORK PAST THEIR STATE PENSION AGE DUE TO THE INCREASING COST OF LIVING.

Source data:

[1] Survey conducted by Opinium among 2,000 UK adults between 21-25 October 2022.

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WEALTH **SUCCESSION**

MAKING THE RIGHT PREPARATION FOR FUTURE GENERATIONS

Financial planning can be a daunting and uncomfortable conversation for many, but thankfully attitudes towards talking about money are changing. Wealth succession should be an integral part of your financial plan as early as possible – because the right preparation now can have positive long-term impacts on future generations.

Despite the uncertain economic climate, families are doing their utmost to ensure they can leave behind a secure financial future for their children and grandchildren. According to predictions, the amount of wealth passed on in the next two decades could double, with estimates this figure could be as high as £5.5 trillion by 2047[1].

Worryingly, an astounding £15bn inheritance still remains unclaimed due to people not informing their beneficiaries about the existence of these funds[2]. With careful planning, you can ensure that your assets are passed on securely for generations to come.

When it comes to transferring wealth between generations, having an open dialogue is paramount for creating the best outcome for everyone.

Before you start this process, consider the following questions:

- When do I want to transfer my wealth?
- How much wealth do I want to pass on?
- Whom do I want to pass my wealth on to?
- How do I want to transfer my wealth?

These four questions are closely interconnected – and with careful planning and discussion, you can ensure that your assets are handed down as simply and tax efficiently as possible.

1. WHEN DO I WANT TO TRANSFER MY WEALTH?
Keeping your Will up to date is an important part of planning for the future. Not only does it ensure that your wishes are carried out, but having a Will that reflects the current legal landscape where you hold assets can allow for greater flexibility and potential advantages.

Transferring assets during your lifetime may also bring benefits and provide you with the opportunity to experience seeing your chosen beneficiaries benefit from your funds. It's important to take professional advice to determine which option is best for you and your family.

It's important to review your Will regularly, such as every two to three years or when there is a major change in your or your family's circumstances. For example, marriage revokes any existing Will in England and Wales unless it was made in anticipation of that marriage. To protect legacies from inflation, consider linking their value to inflation so they maintain their 'real' value over time.

Using your Will to transfer wealth enables you to preserve your own standard of living and future security. On the other hand, giving gifts during your lifetime allows you to witness seeing your beneficiaries experience the benefits of your funds.

Furthermore, if you are subject to UK taxes, it may also be more tax-efficient to act sooner rather than later. Ultimately, each person has different objectives and priorities when it comes to wealth succession; what's important is striking the right balance between sharing your wealth with loved ones and ensuring that you have enough left to maintain your quality of life and prepare for whatever the future may bring.

Wealth planning involves considering various scenarios and 'stress-testing' the outcomes against assumptions such as potential investment returns, inflation projections and long-term care costs. This helps ensure that individuals are prepared for different eventualities and can make better informed decisions about protecting their wealth.

2. HOW MUCH WEALTH DO YOU WANT TO PASS ON?

When making large gifts, cashflow 'stress-testing' allows you to make informed decisions on how much you can afford to part with, despite the uncertainty of the future. Knowing this, it is vital to allow for both worst and best case scenarios within your gifting range when planning your wealth. When calculating how much wealth you want to pass on, it is important to consider a few factors.

First, the amount of assets you want to transfer should be enough to cover future costs such as taxes or estate planning services. You should also factor in inflation and other potential investments that could increase the value of your assets over time.

Additionally, you need to think about the lifestyles and needs of your beneficiaries and consider how much money will be required for their future needs. It is important to consider all of these factors when determining how much wealth you want to transfer, as this can have a significant impact on your legacy.

Ultimately, it is essential to have a thorough understanding of your goals and financial situation when calculating wealth-passing decisions. By taking the time to consider all of these elements, you can ensure that your hard-earned wealth is passed on in a way that honours your wishes and provides for your beneficiaries.

3. WHOM DO YOU WANT TO PASS YOUR WEALTH ON TO?

With regards to deciding how to share your wealth, the choice is yours. Should you have young grandchildren, a trust structure could be beneficial in covering their long-term costs such as education, university fees or property purchases.

You can keep some control by being a trustee yourself, especially if one of your beneficiaries has special needs, as this helps ensure the trust deed works for their long-term interests. In addition, you may want to benefit charities close to your heart. Ultimately, the decision is an entirely personal one and should take into account timing and other factors that matter most to you.

4. HOW DO YOU WANT TO TRANSFER YOUR WEALTH?

When it comes to transferring your wealth, there are a lot of important considerations. It's essential to understand the different options you have and ensure that your plans meet your financial goals. Before making the decision to gift during your lifetime, it pays to take a step back and assess whether you are able to afford it.

If yes, there are further considerations regarding when and how. Steps 1 to 3 can help determine whether an absolute transfer or trust structure is most suitable; while trusts add complexity, they may be the best way of achieving your goals. Ultimately, timing and affordability must be kept top of mind in this process. ◀

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DEATH AND TAXES, TWO OF THE WORLD'S CERTAINTIES. HAVE YOU PLANNED FOR THESE EVENTS?

Succession planning will help you to ensure that the wealth you have amassed during your lifetime is passed on to future generations in the way you would wish. If you think this could affect you, or if you are at all unsure, talk to us for more information. We look forward to hearing from you.

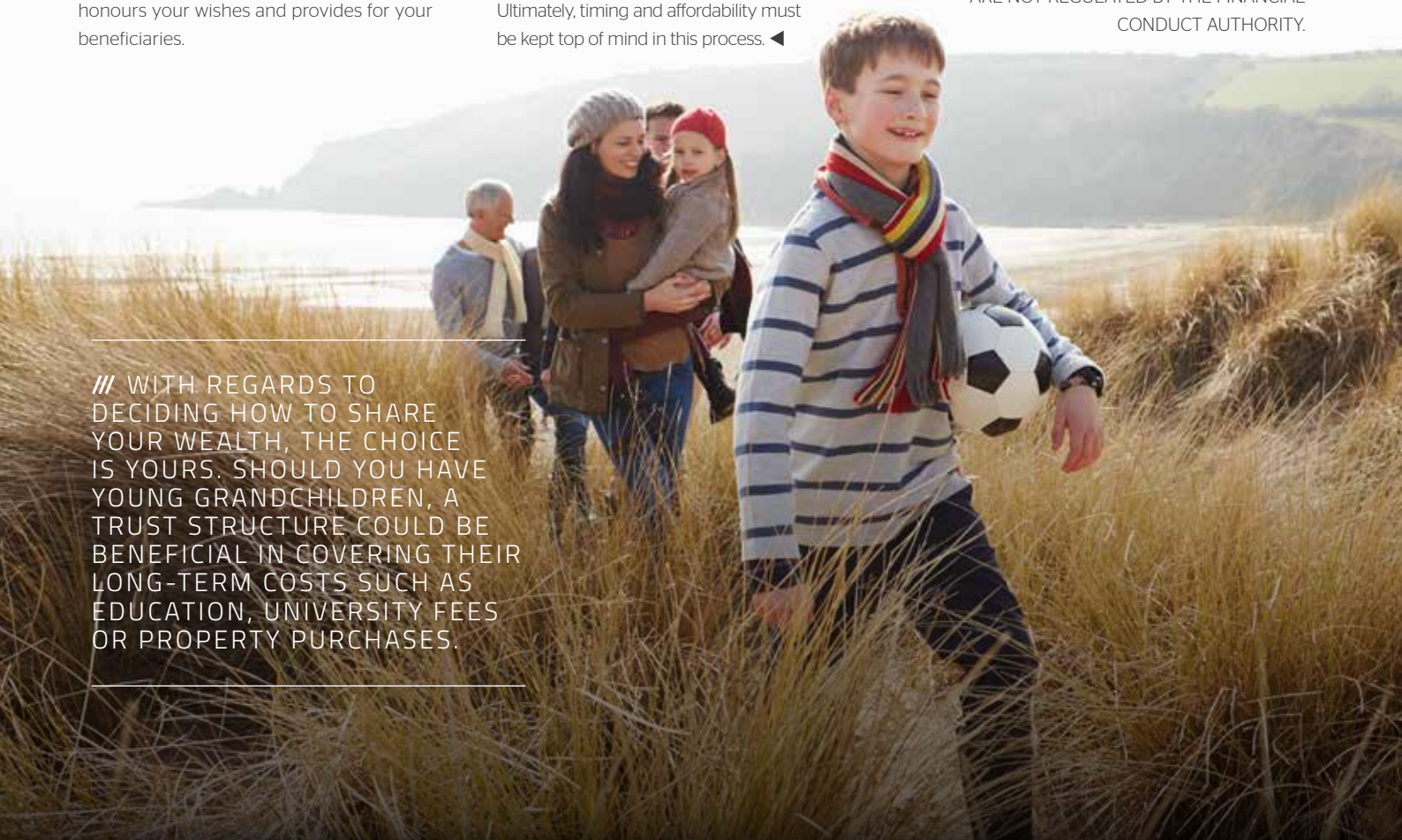
Source data:

[1] fwu-report-final-version-20-april-2022.pdf (mandg.com)

[2] https://www.independent.co.uk/money/spend-save/inheritance-will-investment-pension-assets-life-insurance-a8927966.html

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.

INHERITANCE TAX AND ESTATE PLANNING ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.



/// WITH REGARDS TO DECIDING HOW TO SHARE YOUR WEALTH, THE CHOICE IS YOURS. SHOULD YOU HAVE YOUNG GRANDCHILDREN, A TRUST STRUCTURE COULD BE BENEFICIAL IN COVERING THEIR LONG-TERM COSTS SUCH AS EDUCATION, UNIVERSITY FEES OR PROPERTY PURCHASES.

SHOW ME THE MONEY

BRITONS NOT RESEARCHING THEIR INVESTMENTS BECAUSE IT'S 'TIME CONSUMING' AND 'COMPLICATED'

A new survey conducted by the Financial Services Compensation Scheme (FSCS) and the Financial Conduct Authority (FCA) reveals that 44% of UK adults who hold investments of between £100 and £50,000 wish they had spent more time researching their investment before making a decision[1]. However, this task is commonly neglected due to its perceived complexity – it ranked much lower than other tasks like choosing a holiday, buying a house and checking social media.

The findings also highlighted the risk of investing in 'opportunities' with limited time frames. Scammers often use this tactic as a way to pressure victims into an ill-advised decision, so consumers should assess all investment opportunities carefully by visiting the FCA Warning List to check if the investment firm is unauthorised.

Another alarming discovery was that 22% of respondents said they hadn't checked or didn't know if their investment was protected by Financial Services Compensation Scheme (FSCS). This means that investors could be making investments without any chance of compensation if something were to happen to their provider.

Additional findings from the study include:

- 11% of Britons who have made a financial investment said they do it because their friends are investing, with 26% finding it 'fun'
- 14% chose investments because they were promoted by a celebrity or influencer on social media
- Those aged 18-24 who have made a financial investment were more likely to invest while watching TV/Netflix (13%), at the pub (11%) or coming back from a night out (7%) compared to those over 25

The FSCS cannot provide protection against being scammed. Investors need to take time in doing research and be vigilant when it comes to fraudsters, as they will always find new ways to target people.

PERFORM RELEVANT CHECKS BEFORE INVESTING

- Familiarise yourself with the warning signs of a scam. These include, but are not limited to, unexpected or unsolicited contact, pressure to make a decision within a set time window and unrealistic returns
- Check the FCA Warning List to determine if the firm you're dealing with is authorised by the FCA
- Verify the person you're dealing with is who they say they are through the FCA Register
- Confirm that your investment is eligible for FSCS protection using the new Investment Protection Checker

WANT TO MAKE THE MOST OF YOUR MONEY, AND NOT GET SCAMMED?

Ultimately, the best way to make the most of your money is to seek professional financial advice from an FCA Registered adviser. We'll build a personalised investment plan for you. You'll stay firmly in control of your investments, with support and guidance from our highly experienced investment experts.

Source data:

[1] FSCS and the FCA commissioned research from OnePoll to gain insight into attitudes towards investments and what people are looking for. Between 10-23 December 2021, OnePoll surveyed 2,000 UK adults, 740 of whom had at least one investment. The findings highlighted in the release are based upon this research.

CRITICAL ILLNESS COVER, **YOUR QUESTIONS ANSWERED**

PROTECTING AGAINST THE FINANCIAL IMPACT THAT A SERIOUS ILLNESS CAN CAUSE

People are increasingly becoming more concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack, according to new research findings[1]. This is reflected in the fact that searches for 'critical illness insurance' have skyrocketed, with, on average, 6,800 people searching for 'critical illness cover' every month, mostly asked on Google.

With rising rates of serious illnesses like cancer (one in two chance of getting it at some point in one's lifetime, according to NHS estimates), people are becoming more aware of their need to be covered and secure proper protection against critical illnesses.

In challenging times, the number one priority is to support those you love. The data is clearly highlighting that increasingly people want to find out more about how to protect their loved ones, especially if they become ill or seriously injured.

Answers to some of the most frequently asked questions around critical illness cover:

Q: WHAT IS CRITICAL ILLNESS COVER

A: Critical illness cover provides a tax-free lump sum of money – or income – if you become seriously ill from a specified condition or suffer from a life-altering injury. This type of insurance usually covers very serious and long-term conditions such as heart attack, Parkinson's disease or cancer. By investing in critical illness cover, you can take comfort in the knowledge that your family will be provided with financial support should they face a major health setback.

Q: HOW MUCH CRITICAL ILLNESS COVER DO I NEED?

A: The cost and amount of critical illness insurance can vary depending on a number of factors, including age, health, smoking status, policy length, coverage amount and the kinds of illnesses included in the policy. Generally speaking, the more expensive and comprehensive the cover is, the higher likelihood there is of making a claim on it. Therefore, purchasing a policy at an earlier age and maintaining a healthy lifestyle can result in lower premiums.

Q: DO I NEED CRITICAL ILLNESS COVER?

A: Finding the right critical illness insurance policy is especially important for those with families to protect.

Before deciding on any policy, it's important to ask yourself a few key questions such as:

- What would happen if my family lost my income due to an illness?
- What financial changes would need to be made if I could no longer work because of an illness?
- Do we have any savings or other assets that can support us financially? Are we comfortable using them?

By answering these questions, you will be able to better understand your family's current and future financial context and choose a policy accordingly.

Q: WHAT DOES CRITICAL ILLNESS INSURANCE COVER?

A: Critical illness insurance can be a great way to help protect yourself and your family in the event of an unexpected illness. Insurers offer a variety of policies that cover different illnesses, with some even offering coverage for less serious or earlier stage illnesses. Additionally, many insurers offer multiple levels of payout depending on the severity of the illness, ensuring full coverage if you are faced with a really serious health condition.

Furthermore, almost all policies also provide cover for children against certain illnesses. This protection can provide your family with financial support in difficult times, such as when extra costs may be required for private treatment or lost income during periods of caregiving.

Q: WHAT ILLNESSES ARE COVERED BY CRITICAL ILLNESS INSURANCE?

A: When it comes to critical illness insurance, most policies will cover cancers, heart attacks and strokes as a minimum. Depending on the insurer, you may be able to get coverage for more than 50 additional illnesses such as organ transplants, blindness and deafness. It is important to obtain professional advice to make sure you obtain the right policy that provides the best coverage for your and your family's specific needs.

Q: WHAT CANCERS ARE COVERED BY CRITICAL ILLNESS INSURANCE?

A: There are over 100 different types of cancer, and some may be excluded from critical illness cover. Before recommending a policy, we'll explain the details of your cover to ensure you understand what illnesses you are covered for.

Even if you don't have dependents or family members who rely on you financially, critical illness insurance can still be beneficial. It can provide financial relief when you're unable to work due to an illness but still need to keep up with household bills.

Q: DO I NEED CRITICAL ILLNESS COVER AS A RENTER?

A: Even if you rent your home, critical illness insurance is essential for those who have dependents relying on them financially. A tax-free cash payout from a critical illness policy can provide much needed support in the event of an illness or injury during the policy period. ◀

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DO YOU NEED CRITICAL ILLNESS OR SERIOUS ILLNESS COVER?

Critical illness insurance provides a helping hand for you and your loved ones when it is needed. For support when you need it most for you and your loved ones, please contact us for more information. Don't leave it to chance.

Source data:

[1] Data Collection from Semrush and Google Trends in September 2022 – LifeSearch 02.10.22

TIME TO **RETIRE?**

PLANNING YOUR FINANCES TO BE SUSTAINABLE FOR THE LONG TERM IS KEY

There are signs and targets that can signal that you are prepared to retire, but it can be difficult to figure out when you are truly ready to retire. We may think of retirement as being centred around a particular age or monetary amount. When we get to 'X' years old or have 'Y' amount of money, we can move on to our 'golden years'.

The turbulent times we're living through have given many people pause for thought to consider their work-life balance and think more seriously about what makes them happy. While happiness for many increases in retirement, others find their finances take the strain when they retire early and money worries are one of the biggest factors resulting in people returning to work. If you aspire to retire early, it's vital you plan your finances to be sustainable for the long term.

6 QUESTIONS TO ASK YOURSELF FOR A SECURE FINANCIAL FUTURE

1.WHAT IMPACT COULD INFLATION HAVE ON MY RETIREMENT PLANS?

Inflation is a major factor when planning for retirement because it can reduce the purchasing power of your money over time. If the amount you receive in retirement is based on a fixed income, it will not be able to keep up with future inflationary rises, meaning that you may likely be unable to afford the same lifestyle that you enjoyed before retirement.

Therefore, it is essential to plan for retirement by ensuring that your savings and investments are able to grow in real terms, above the rate of inflation. This can be done through a combination of investing in assets that aim to provide returns above the rate of inflation, as well as ensuring that your retirement income is not linked to a fixed amount but instead grows with inflation over time.

2. WHAT IS MY RETIREMENT TIMELINE?

When it comes to planning for your retirement, it's best to get a plan in place far ahead of your intended retirement date. That way, you can take the time to gain a full understanding of your financial situation and identify any issues or opportunities for improvement. Ideally, you should start saving for retirement in your 20s and 30s, even if you don't plan to retire for many years. This will help you build your savings over time and ensure that you have enough money to sustain yourself during retirement.

Of course, if you find yourself nearing retirement without a plan already in place, don't fret, we are here to help. With our expertise and experience, we can work with you to optimise your retirement plans no matter how close you may be to retirement.

When considering your retirement timeline, there are several factors to consider: your age, income level and lifestyle, all of which will have an effect on your retirement plans.

3. COULD RETIREMENT CASH FLOW MODELLING HELP ME?

Retirement cash flow modelling is very useful in making assessments about your future retirement requirements. It enables you to consider all of your potential sources of income

/// WHEN IT COMES TO PLANNING FOR YOUR RETIREMENT, IT'S BEST TO GET A PLAN IN PLACE FAR AHEAD OF YOUR INTENDED RETIREMENT DATE. THAT WAY, YOU CAN TAKE THE TIME TO GAIN A FULL UNDERSTANDING OF YOUR FINANCIAL SITUATION AND IDENTIFY ANY ISSUES OR OPPORTUNITIES FOR IMPROVEMENT.

in retirement and how they can best be used to satisfy your expenditure needs.

This means considering a number of factors such as your underlying investments, tax and, most importantly, how well your different income streams are protected against inflation. Another benefit of using cash flow modelling is that you can easily change those assumptions if your circumstances change, factoring in different investment returns, tax rates and inflation. This allows you to assess how much you need to have accumulated prior to your retirement.

4. WOULD AN ANNUITY BE BENEFICIAL?

Retirement is an important milestone in life, and it's essential to make sure you have enough money to ensure a comfortable lifestyle afterwards. One of the options available to those retiring is an annuity. With fewer employers now offering the guarantee of a final salary pension, annuities could be an appropriate option to consider for some retirees. An annuity provides a regular income for the rest of your life, and can make sure you have enough money to last you throughout retirement.

But in order to decide whether an annuity is right for you, it's important to look at the different types of annuities available, consider the tax implications and other factors such as inflation. An annuity could be beneficial for those who have no capacity for their income to fall in the future, and those with reduced health.

5. AM I SITTING ON TOO MUCH CASH?

Even during periods of high inflation, investments that are in real assets can provide a hedge against the erosion of wealth. Cash holdings are ill-advised in this situation as the current interest rates barely meet inflation and its real value is guaranteed to decrease. Investing in assets is one of the best ways to safeguard your retirement savings against the effects of inflation.

Inflation can erode the value of your savings over time. By investing in real assets, you can help to ensure that your retirement savings remain secure even in a rising inflation environment. Investing in assets can provide you with the opportunity to create a sustainable and secure retirement plan that is protected from the effects of inflation. Ultimately, investing in real assets is an important part of any comprehensive retirement savings strategy.

6. WHAT IS MY ATTITUDE TO INVESTMENT RISK?

When making investment decisions, you need to establish the level of risk that you are comfortable with. This will vary from person to person, so it is important to obtain professional advice to help you assess your risk tolerance. Understanding your attitude to investment risk is an important factor when planning for retirement. Taking the time to learn about how you respond to different kinds of market volatility and levels of risk will help you create a more informative and effective retirement plan.

Knowing what kind of investor you are – conservative, balanced or aggressive – will enable you to make informed decisions about where to invest your money and how much risk you are comfortable taking on. It can also help you avoid some of the common pitfalls associated with retirement planning, such as being too conservative or overly aggressive in your approach. This will help you to save and invest more effectively, allowing you to make the most of your retirement savings. ◀

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DO YOU NEED HELP WITH YOUR RETIREMENT PLANS?

We understand that everyone's retirement plans are different. That's why we're here to help you make sense of your future, whatever that looks like. To get your retirement plans in motion, talk to us about your finances. We look forward to hearing from you.

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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.

FINANCIAL **SECURITY AND FREEDOM**

RISING PRICES ADD ALMOST 20% TO 'MINIMUM' COST OF RETIREMENT

Despite the slow economic recovery, many retirees trying to maintain a basic standard of living have seen the cost of their lifestyle increase by nearly 20% over the past year, according to a new report[1].

The findings were based on research which outlined three different levels of expenditure needed for retirement: Minimum, Modest and Comfortable lifestyles. For those on a Minimum level, the increases in food and energy costs have had the most dramatic effect, with prices rising higher than in other categories.

EXPECTATIONS FOR RETIREMENT

The Retirement Living Standards, independent research by the Centre for Research in Social Policy at Loughborough University, describes the cost of three different baskets of goods and services, established by what the public considers realistic and relevant expectations for retirement living.

These baskets comprise six categories: household bills, food and drink, transport, holidays and leisure, clothing, and social and cultural participation.

FOOD AND ENERGY

According to the latest figures, the research identified those on a Minimum lifestyle are potentially at greatest risk due to the heightened increases in food and energy costs, which form a higher proportion of their budget than other categories.

The cost of a Minimum lifestyle has increased by 18% for a single person and by 19% for a couple. To make sure retirees can still afford a basic standard of living, it's important that the government continues to follow the State Pension triple lock, which was announced in the last Autumn Statement.

MORE FINANCIAL SECURITY

This commitment means that the State Pension will rise by 10.1% to £10,600 per year, which should be achievable for a single person if they supplement the State Pension with income from a workplace pension saved through automatic enrolment during their working life.

For those looking for a more comfortable retirement, the Moderate level increased 12% to £23,300 for a single retiree and by 11% to £34,000 for a couple. This level provides more financial security and more flexibility, including a bigger budget for weekly food shopping and occasional eating out.

NEW STATE PENSION

To achieve this level, a couple sharing costs with each in receipt of the full new State Pension would need to accumulate a retirement pot of £121,000 each, based on an annuity rate of £6,200 per £100,000.

At the Comfortable Retirement Living Standard, retirees can expect to have more luxuries like regular beauty treatments, theatre trips and three weeks' holiday in Europe a year. A couple could spend £238 per week on food shopping.

STRAIN ON HOUSEHOLDS

At this level, the cost of living increased 11% to £37,300 for one person and 10% to £54,500 for a two-person household. The report highlights that to achieve this level, a couple sharing costs with each in receipt of the full new State Pension would need to accumulate a retirement pot of £328,000 each, based on an annuity rate of £6,200 per £100,000.

The cost of living has been on the rise, placing a greater strain on households in the UK. This year has been particularly difficult for living standards

across the board. In particular, domestic fuel costs have risen a staggering 130%, inflicting further strain on incomes for those in retirement.

MODERATE AND COMFORTABLE

The cost of food and fuel has risen significantly over the year, eating up around a third of the budget at minimum income standard levels. This can mean that people struggle to participate in social activities, which is why all budgets include some expenditure on social and cultural participation, accounting for a fifth of the budget at minimum income standard levels and a larger proportion in moderate and comfortable budgets.

At higher incomes, car ownership takes up around 10% of the budget due to an increase in second-hand car prices and petrol/diesel costs.

OWN PERSONAL REQUIREMENTS

Finally, annuity rates may change, which affects how much money one needs for retirement – £6,200 per £100,000 is illustrative; research will help individuals identify their own personal requirements.

Retirement planning is an essential part of financial planning, as it provides individuals with the ability to prepare for their later years. By having a plan in place, retirees can ensure that they have enough money saved up to support themselves and maintain their standard of living when they no longer have a steady income from work. ◀

WANT TO TAKE THE NEXT STEP TOWARDS YOUR DREAM RETIREMENT?

It's never too late to start saving for your future and to make sure you don't find yourself facing an uncertain life once you have stopped working. Retirement planning is an essential step towards achieving financial security and freedom in your later years. Planning for retirement now will ensure you don't have to worry about money in the future.

Source data:

[1] Pensions and Lifetime Savings Association figures quoted are for the UK, excluding London. The pot size calculation assumed an annuity of £6,200 per £100,000 and is illustrative. Annuity rates change frequently and vary according to product type, saver age and other circumstances (e.g. location, health etc.)12/01/23.

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THINKING ABOUT **DIVORCING?**

PROTECTING YOUR ASSETS AND PREPARING YOU FOR GOING FORWARD ON YOUR OWN

Divorce involves many loose ends, both emotional and financial. It can generate high levels of uncertainty and financial stress, as it impacts on all areas of your life, from living arrangements to assets and pensions. That's why financial planning through a divorce is essential to help protect your assets and prepare you for going forward on your own.

Making the right financial decisions during your divorce can be difficult. You may be worried about your future and how you will support yourself and your family. Divorce is a difficult time emotionally and financially. It is important to obtain professional financial advice to help you through this challenging period.

This will help protect your interests, ensuring that you receive a fair outcome and your future is secure. It will also enable you to have a clear understanding of your current financial situation. This includes knowing what assets and debts you have, as well as what income and expenses you have each month.

FUTURE FINANCES

You'll need to be realistic about your future income and expenses. That means putting a realistic budget in place so that you can make informed decisions about your future finances.

Don't overlook any tax implications based on any financial decisions you make. This is especially important if you are considering selling assets or transferring property.

DIVIDING PENSIONS

One of the most important assets to consider is your pension. Pensions are often overlooked in divorce settlements, but they can be worth a significant amount of money. It is important to get professional advice to make sure that pensions are taken into account in any settlement.

There are several options for dividing pensions in a divorce, and the best option will depend on your individual circumstances. You may be able to keep your pension in its current form, or you may need to transfer some or all of it to your ex-partner.

DIVORCE SETTLEMENT

Whatever you do, make sure that you obtain professional advice before making any decisions about your pension. It is one of the most important financial assets you have, and you need to make sure that it is taken care of in your divorce settlement.

With careful planning and communication, you can make the transition as smooth as possible to help you move on with your life and make a fresh start.

Here are some tips to help you make the right financial decisions during your divorce:

1. Get organised. Gather all of your financial documents, including tax returns, bank statements and investment records. This will help you and your lawyer understand your financial situation and make the best decisions for your future.

2. Make a budget. Once you have all of your financial information gathered, sit down and create a budget. Be honest with yourself about your income and expenses. This will help you make informed decisions about your finances going forward.

3. Understand your rights. Speak with a lawyer to understand your rights and responsibilities during the divorce process. This will help you make decisions that are in your best interests.

4. Communicate with your spouse. If you have children, it is important to communicate with your spouse about financial matters. This can be difficult, but it is important to try to reach an agreement on child support and other financial issues.

5. Obtain professional financial advice. This will help ensure that you are making sound decisions with your finances during this difficult time. There are many factors to consider when going through a divorce. The advice will help you understand the financial implications of the decisions you make, and provide guidance on how best to protect your interests. ◀

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NEED HELP MAKING THE RIGHT FINANCIAL DECISIONS DURING A DIVORCE?

Making the right financial decisions during a divorce can be difficult, especially when it comes to pensions. If you have any questions about your pension or other financial assets during a divorce, please contact us.

DIVORCE SETTLEMENTS ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

COST OF LIVING CRISIS

ALMOST ONE IN THREE OVER-55s' MORTGAGE REPAYMENT PLANS DERAILED

The cost of living crisis is a concerning and long-term problem for those trying to pay off their mortgage, especially over-55s who are already having difficulty saving enough for retirement.

Higher mortgage rates and rising costs of living are making it harder for some mortgagors to afford their mortgage repayments. This could lead to some households defaulting on their mortgage or having to cut back sharply on their spending, posing a significant risk to their financial stability.

DERAILED MORTGAGE PLANS

More than 3.3 million over-55s in the UK still have mortgages to repay and the cost of living crisis is making it more difficult for them. According to new research, 30% of this cohort feel that their ability to repay these loans is hindered due to the current climate, equating to around 879,000 people with potentially derailed mortgage plans[1].

Of those who have yet to pay off their mortgage, 16% say they plan to do so ahead of retiring but are concerned that it may be harder due to the cost of living crisis while 13% suggest it will take longer and 1% worry about their investments not performing as expected.

INCOME DURING RETIREMENT

Those who have already paid off their mortgage, amounting to 40% of over-55s in Britain, are not exempt from financial worries either. The research identified that 4% admitted borrowing could be a necessity in order for them to secure an adequate income during retirement and maintain a healthy standard of living.

The research also highlights that the proportion of people planning to pay off their mortgage before they retire has risen to 19%, but it is likely some have chosen to delay leaving work in order to do so. Additionally, there has been a 5% increase in those who say they will still be able to satisfy their repayment goals despite the difficult climate, although it could prove more challenging for them.

LONG-TERM CHALLENGE

The research identified that almost 900,000 in the over-55s age group will find it tougher to service their borrowings, with the rising cost of utilities and groceries taking a larger portion of their income. For those already living frugally, pressure could soon become intolerable.

The cost of living crisis has been an increasingly long-term challenge for those looking to pay off their mortgage, especially for over-55s. This age group is already struggling to save enough money for retirement and this situation can put them into further financial difficulty. It is important to be aware of the potential issues that could arise as a result of the cost of living crisis and how to prepare for them. ◀

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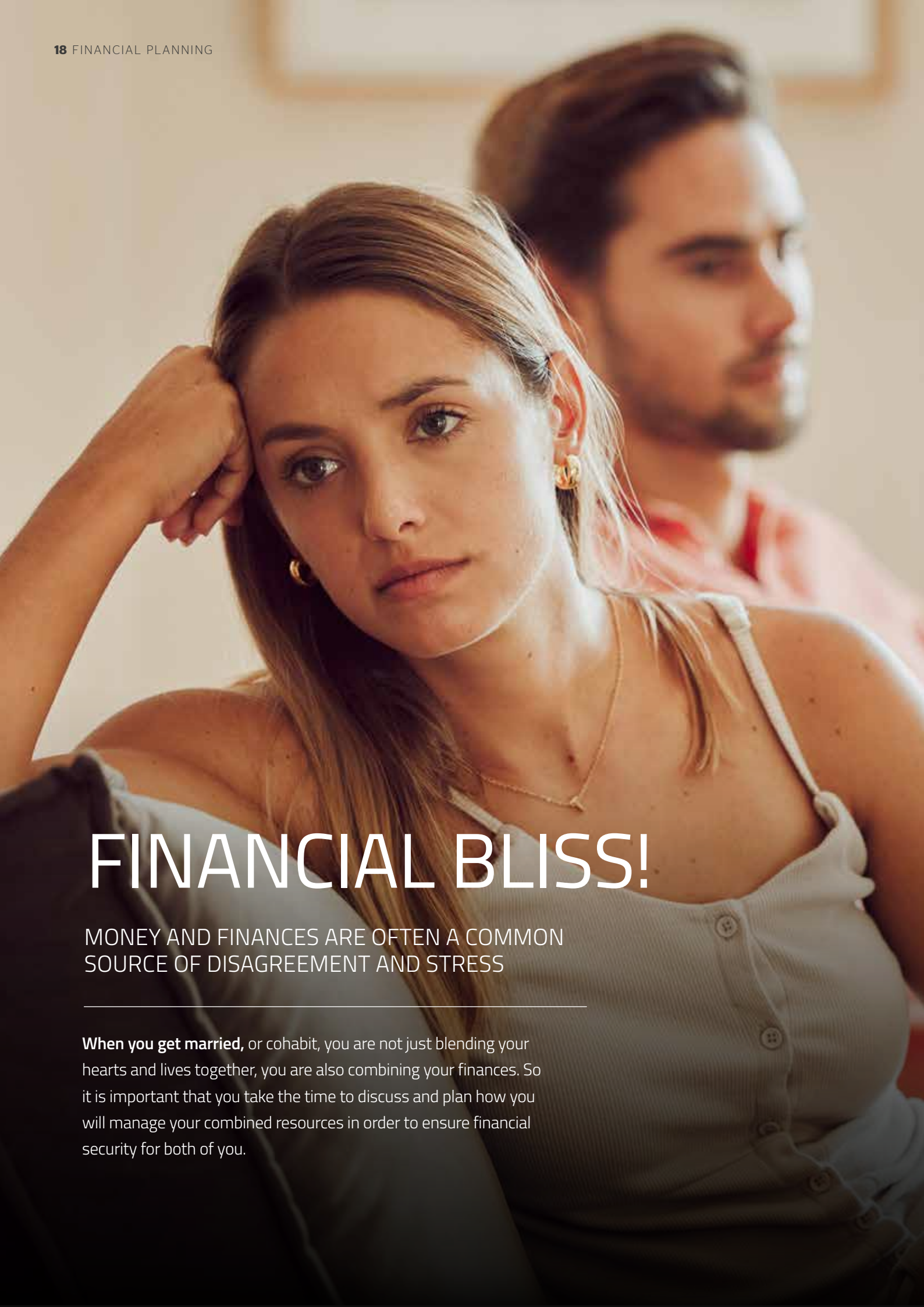
TIME TO DISCUSS HOW TO ACHIEVE YOUR FINANCIAL FREEDOM?

A carefully designed financial plan can give you the freedom to do even more of the things you want – and maybe even others you never thought possible. To find out more and discuss your options, please contact us.

Source data:

[1] https://www.keyadvice.co.uk/about/press-release/almost-one-in-three-over-55s-with-a-mortgage-admit



FINANCIAL BLISS!

MONEY AND FINANCES ARE OFTEN A COMMON SOURCE OF DISAGREEMENT AND STRESS

When you get married, or cohabit, you are not just blending your hearts and lives together, you are also combining your finances. So it is important that you take the time to discuss and plan how you will manage your combined resources in order to ensure financial security for both of you.

/// WHEN IT COMES TO MANAGING FINANCES AS A COUPLE THERE IS NO ONE-SIZE-FITS-ALL APPROACH, ESPECIALLY IN THESE TRYING TIMES WHEN PRICES ARE CONSTANTLY RISING. 38% OF COUPLES PREFER HAVING SOME MIX AND MATCH ACCOUNTS WITH MONEY IN BOTH JOINT AND SEPARATE ACCOUNTS,

But it's not uncommon for money to cause major problems in a relationship. In a recent survey, 27% of couples claimed money has caused them issues, an increase likely related to the cost of living crisis[1]. Interestingly, the older generation seemed to have fewer arguments about money, with only 12% of them saying it has caused an issue compared to 35% of 35-44-year-olds.

NO ONE-SIZE-FITS-ALL APPROACH

When it comes to managing finances as a couple there is no one-size-fits-all approach, especially in these trying times when prices are constantly rising. 38% of couples prefer having some mix-and-match accounts with money in both joint and separate accounts, 29% opt for pooling both incomes into a single account, and 27% keep things completely separate.

Openness and honesty are meant to be key components in any successful relationship; however the figures revealed that 26% of 35-44-year-olds had lied to their partner about money while only 12% of those over 65 confessed the same.

SET REALISTIC EXPECTATIONS

The good news is that, overall, 47% described talking about finances with their partner as being natural and part of daily conversation. 11%, mainly among 35-44-year-olds, find it awkward while 10%, also mostly coming from this demographic group said they would avoid doing so altogether.

Building a secure financial future with your partner starts with planning. Honesty is the best policy when it comes to finances; couples should have clear, open conversations about their financial issues, hopes and aspirations. Doing this will help set realistic expectations, address any potential problems, develop a budget that works for both of them and create an overall stronger financial plan.

MAKE INFORMED DECISIONS

Agreeing on one or two shared goals as a couple can provide you with an additional source of motivation to stay on track. Once you know your goals, you'll be able to make informed decisions about how much money to save and where to invest it.

For example, if you have a goal of moving into a bigger property in three years' time, then it might be wise to put that amount into a cash savings account in order to minimise risk. For longer-term goals (10+ years away), investments in the stock market may provide more growth potential in the long run and improve your chances of hitting your targets faster.

ADVANTAGE OF TAX BENEFITS

Appropriate tax planning will ensure more of your money goes towards your future. Consider taking advantage of the tax benefits available through Individual Savings Accounts (ISAs). Each partner can currently contribute up to £20,000 (for tax year 2022/23), enabling you to shield the money from Income and Capital Gains taxes.

You may also benefit from the Capital Gains Tax exemption, which lets both partners realise up to £12,300 (for tax year 2022/23) in investment gains without paying anything. However, the threshold for paying Capital Gains Tax has been reduced to £6,000 for the 2023/24 tax year and will be cut again to £3,000 in the 2024/25 tax year.

WORST-CASE SCENARIO

For married or civil partnerships couples, this exemption could be further doubled as investments can be transferred between partners tax-free. Additionally, every person has their own personal savings allowance where they don't have to pay tax on interest earned up to a certain amount, so you should take advantage of this.

Considering the 'worst-case scenario' can be a tough conversation to have, but it's one that you and your partner should have in order to ensure that you are both financially secure. Taking out the right insurance policies and drawing up a Will may not make for the most romantic dates, but they are important steps to protect yourselves financially. By doing these two things, you can rest assured knowing that your wishes will be followed, even if one of you passes away or suffers from an illness. ◀

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READY TO DISCUSS YOUR FINANCIAL SITUATION TO MAKE SURE YOUR MONEY IS BEING MANAGED RESPONSIBLY?

When you are in a relationship, it is important to arrange your finances as a couple. As we've seen, couples often face financial challenges such as making ends meet, planning for retirement and saving for future goals. By taking the time to discuss your financial situation, you can make sure your money is being managed responsibly and that you are on the same page financially. To discuss how we can help, please contact us.

Source data:

[1] RBC Brewin Dolphin survey as at 30 June 2022.

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

COST AVERAGING **YOUR INVESTMENTS**

REDUCING THE RISK OF INVESTING IN VOLATILE MARKETS

Cost averaging, or pound cost averaging, is an investment approach that involves dividing up the total amount to be invested into equal amounts and investing these at regular intervals over a period of time.

This strategy has become increasingly popular due to its ability to reduce the risk of investing in volatile markets, as well as its simplicity. So let's consider some of the reasons why investors may choose to take this approach.

MAXIMISE RETURNS

By investing equal amounts, it enables you to build up your investment portfolio over time. Making regular monthly payments of £1,000 into an investment fund is a less daunting and more manageable approach than investing a single lump sum of £500,000 or more.

Pound cost averaging investing also means you take advantage of price fluctuations in the market. By regularly making investments, you can potentially buy assets at lower prices when they decline or sell them at higher prices when they rise. This helps to maximise returns while still mitigating some of the risk associated with large lump sums being invested all at once.

MARKET FLUCTUATIONS

Pound cost averaging also makes it easier to keep to a consistent investment plan, as the amount to be invested and the intervals between investments are predetermined.

This ensures you don't become swayed by market fluctuations or fall prey to impulsivity, which can lead to poor decisions. Additionally, pound cost averaging eliminates the need for frequent monitoring of your portfolio since investments are made automatically at regular intervals.

DISCIPLINED APPROACH

This strategy allows investors to maintain a disciplined approach and build up their holdings over the years without needing large amounts of capital upfront.

Pound cost averaging can also reduce transaction costs since fewer assets need to be bought in order to reach the desired total investment amount when compared with investing all at once.

EFFECTIVE STRATEGY

Ultimately, pound cost averaging is an effective strategy for appropriate investors who want to reduce the risk of investing in volatile markets, but at the same time still take advantage of price fluctuations.

By dividing up the total investment into equal amounts and investing at regular intervals over time, this approach can help to maximise returns while minimising volatility. Being able to simplify the investment process and reduce transaction costs makes pound cost averaging an effective way for investors to manage their portfolios efficiently. ◀

LOOKING FOR A TAILORED SOLUTION TO HELP YOU ACHIEVE YOUR FINANCIAL GOALS?

Investing in appropriate assets for your investment goals is an effective way to build your wealth over the long term. It also provides several key benefits, such as compounding returns, diversification of risk and tax-efficiency. To talk about your investment goals, please contact us.

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

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

2.5 MILLION BRITONS LOSE AT LEAST £23,126 A YEAR DUE TO LONG-TERM ILLNESS

Losing your job due to an illness or injury could have serious financial consequences for you and your family. Rent, mortgage payments and other living costs may no longer be covered, leading to a lifestyle that's difficult to maintain.

New data has revealed the true cost of living with long-term illness for those affected in the UK[1]. According to the figures, an estimated 2.5 million people have been unable to work due to a long-term sickness and will lose at least £23,126 a year on average as a result.

STAND TO LOSE EVEN MORE

This takes into account 28 weeks Statutory Sick Pay (SSP), amounting to £2,781.80, and 24 weeks Employment and Support Allowance (ESA) totalling £1,848 if eligible and able to return back to work in future. Those not eligible for ESA stand to lose even more – up to £24,974 per year. These figures are for those not eligible for income protection insurance.

Worryingly, the research has also revealed that a quarter of those who are out of work due to illness have been diagnosed with a mental illness or phobia, with the majority being female.

DEPRESSION AND ANXIETY

Worryingly, women make up 53% of those on long-term sick leave in the UK and mental illnesses such as phobias, panic disorders, depression and anxiety are the most common causes for these workers being unable to return back into the workforce.

These numbers highlight just how essential it is for individuals affected by long-term illness or injury to have critical illness insurance, which provides additional financial protection during difficult times.

TOO SICK TO WORK

Income protection insurance covers a substantial portion of your income during any periods that you're off work due to sickness or injury. It protects your savings, financial plans and loved ones when you're too sick to work.

The default sickness cover in the UK is Statutory Sick Pay (SSP), which isn't much. You might already receive an arrangement through your employer, but there'll most likely be an expiry date on their support. ◀

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LOOKING FOR PEACE OF MIND IF YOU'RE UNABLE TO WORK BECAUSE OF AN ACCIDENT OR ILL-HEALTH?

Income protection insurance can be such an important source of security. It provides peace of mind and offers protection in times of need. Don't let a sudden change in circumstances affect your lifestyle, make sure you're protected. To find out more, speak to us today.

Source data:

[1] Data split by sex and main health condition – total number of those out of work due to long-term sickness taken from June-August 2022 – LifeSearch 15/12/22.

/// IT'S NEVER TOO EARLY TO START PLANNING FOR RETIREMENT. THOUGH RETIREMENT MAY SEEM A LONG WAY OFF, THE EARLIER YOU START SAVING AND INVESTING, THE MORE TIME THE COMPOUNDING EFFECT ON YOUR MONEY HAS TO WORK.

RETIREMENT PLANNING FOR **EVERY LIFE STAGE**

ALLEVIATE ANY FEAR AND UNCERTAINTY YOU MIGHT HAVE ABOUT YOUR FINANCIAL FUTURE

No matter what stage of life you're in, it's never too early or late to start planning for your retirement. By taking a personalised approach, you can develop a retirement plan that will work for you throughout your life.

At every stage of our life it can be difficult to take time to think about our future when there are so many other things competing for our attention, but it's important to be prepared and make sure that you're planning ahead for the retirement you deserve.

PLANNING FOR RETIREMENT IN YOUR 20S

It's never too early to start planning for retirement. Though retirement may seem a long way off, the earlier you start saving and investing, the more time the compounding effect on your money has to work. Putting money away now can make a huge difference to your retirement funds when the time comes.

HERE'S WHY YOU SHOULD START PLANNING FOR RETIREMENT IN YOUR 20S:

- **It enables you to benefit from the power of compounding:** Regularly investing amounts of money can grow into a large sum over time thanks to compounding.
- **You can afford higher-risk investments:** As retirement may be years away, making higher-risk investments such as stocks and shares in your 20s can help boost returns without putting too much at risk.
- **It encourages good financial habits:** Taking steps to plan for retirement now will highlight how to manage your finances better and make smart decisions about investments and pensions.
- **You could get help from employers:** Many workplace pension schemes offer employer contributions, which is free money that goes straight into your pension pot.

PLANNING FOR RETIREMENT IN YOUR 30S

It can be more difficult to save for retirement in your 30s, when you may have greater financial commitments such as a family or a mortgage. But it's important to stay focused on your retirement goals, because the decisions you make now could have an impact on your later years.

HERE ARE SOME TIPS FOR SAVING FOR RETIREMENT IN YOUR 30S:

- **Minimise debt:** Pay down any outstanding debts as soon as possible. This will free up more money for retirement savings.
- **Optimise asset allocation:** As you still have plenty of time until retirement, consider investing in growth assets such as equities.
- **Save regularly and often:** Try to make regular contributions into a pension account or tax-efficient investment vehicle such as a Stocks & Shares ISA.
- **Take advantage of employer contribution schemes:** Many employers offer generous contribution schemes which can boost your savings pot significantly over time.

PLANNING FOR RETIREMENT IN YOUR 40S

Your 40s are an ideal time to reassess your retirement plans and make sure that you're on track.

HERE ARE SOME TIPS TO HELP GET YOUR RETIREMENT PLAN ON TRACK:

- **Calculate how much you need to retire comfortably:** Seek professional financial advice to determine how much money you need for retirement.
- **Consolidate pension accounts:** If you have multiple pension accounts across different employers, if appropriate, consolidating them could make it easier to manage them and provide more clarity about your pension savings.
- **Increase contributions:** Consider increasing your contributions where possible as the higher salary typically seen in the 40s may afford this opportunity.
- **Explore other options:** Consider other tax-efficient methods of saving, such as transferring part of your salary into an ISA or investing in property, depending on what is available to you.

PLANNING FOR RETIREMENT IN YOUR 50S

Your 50s are a time to increase your pension contributions, review your retirement plans and make sure that you're on track.

Here are some tips on how to do this:

- **Make additional contributions:** Consider making additional lump sum pension contributions, remembering to stay within the annual or lifetime allowance limits, with any excess liable for further tax charges.
- **Review asset allocation:** The closer you get to retirement, the more risk-averse your investment approach should be, so consider reducing exposure to higher-risk assets such as equities and seek professional financial advice for tailored advice.
- **Take advantage of tax allowances:** Familiarise yourself with current pension allowances and explore any carry forward rules available if applicable.
- **Speak to a financial professional:** Consult a financial professional who can provide you with personalised advice tailored to your individual needs and requirements.

PLANNING FOR RETIREMENT IN YOUR 60S

In your 60s it's time to prepare for the decumulation phase, an important time when it comes to your retirement planning.

Here are some tips to help get your retirement plan on track:

- **Prepare a budget:** Calculate your expenditure levels to help plan for the long term.
- **Consider pension decumulation options:** Explore the various ways you can convert your pension savings into retirement income and seek professional financial advice.
- **Review asset allocation:** As retirement is approaching, reduce exposure to higher-risk assets such as equities.
- **Review your plan regularly:** Regularly reviewing your progress will help you prepare for retirement and make the necessary adjustments if needed.

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HOW MUCH INCOME WILL YOU NEED IN RETIREMENT?

There's a good chance you pay into a personal or workplace pension plan each month, but do you know how much money you'll need to fund your life after work? Let us help us you picture what kind of lifestyle you could have in retirement. To find out more, speak to us today.

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

OVERWHELMED BY **YOUR PENSION?**

ALMOST HALF OF UK CONSUMERS FIND PENSIONS INFORMATION DAUNTING

In an era where the cost of living is threatening to undermine consumer confidence, it's no surprise that almost half of UK consumers find pensions information overwhelming. It can be difficult for individuals to make informed decisions about their retirement planning when faced with such a daunting task.

New research has revealed that half (50%) of consumers feel overwhelmed by pension and retirement information, and more than two in five (41%) do not know what to do next once they receive it[1].

CONSUMER CONFIDENCE

In the past year, households have been affected by high inflation, rising interest rates and volatile markets. This has taken its toll on consumer confidence and self-belief, with only 59% feeling confident when making financial decisions, down from 63% in 2022. In response to this uncertainty, more people are turning to outside sources for help.

Today, 83% of people view obtaining advice from financial professionals as an important source of support, compared to 73% last year. Pension providers or information on pension provider websites (76%), pension provider literature (72%) and employers (69%) have also all seen an increase in people who find them helpful for retirement decisions.

SOUND FINANCIAL DECISIONS

People primarily require information about their pension and retirement planning in order to make sound financial decisions.

- This includes understanding how much money their pension will provide upon retirement (47%)
- The amount of money currently in their pension pot (46%)
- Ensuring enough funds are being contributed (32%)

SOURCE FOR GUIDANCE

Pension provider websites have become a popular source for guidance, with 41% of people visiting them at least once a year. Other sources include asking friends and family (39%) or surfing the internet for advice (39%). Those who have workplace pensions often look to their employer (33%) or colleagues (29%) for guidance.

Planning for retirement is essential to ensure that your financial future is secure. That's why it's really encouraging to see from the research that 93% of those with lower incomes who have taken control of their finances report enjoying retirement, compared to just 66% of those without a retirement plan. Worryingly, however, despite this, 72% are doing nothing to prepare for later life. ◀

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WANT TO FIND OUT HOW TO PLAN AHEAD FOR THE RETIREMENT YOU WANT?

Whether you're years from retirement or it's just around the corner, it's important to consider the lifestyle you'll want when you stop working. There's a lot to think about. And we can help. For more information about your retirement options, please contact us.

Source data:

[1] Boxclever survey conducted among 6,000 UK adults in order to gain insight into the nation's attitude to financial advice. Fieldwork for the study was conducted between 6 September and 16 October 2022. The data was weighted post-fieldwork to ensure results remained representative of the nation across key demographics. For comparison, Boxclever also surveyed 4,896 UK adults during 16- 23 July 2021.

PROTECTING INCOME

17% OF SELF-EMPLOYED WORKERS WOULD CHOOSE TO CARRY ON WORKING THROUGH ILLNESS OR INJURY

Many adults understand the need for financial resilience and taking out insurance to protect their incomes in case of sickness or accident. However, too many self-employed people do not have any cover to help them should they be unable to work and are increasingly likely to choose to carry on working despite illness or injury.

New research has identified that 17% of self-employed individuals stated they would need to continue working if they suffered from illness or injury[1]. Despite this admirable effort, it is important that those who are ill or injured take time off for recovery in order to ensure a safe and sustainable working environment.

HEALTH COMPLICATIONS

Taking time off to rest and recover after an illness or injury can be beneficial in the long run, as it allows workers to return to work with renewed energy, and improved concentration and productivity levels. It also helps to reduce the risk of further health complications or accidents due to fatigue or strain.

Millions of self-employed individuals would be forced to keep working in the event of an illness or injury, according to the research. The findings show 60% of self-employed workers would draw from their savings if they were unable to work for two months, and only 6% of self-employed workers surveyed have purchased an income protection product themselves.

FUNDS COULD DRY UP

The data shows that many self-employed individuals rely on their savings without considering how quickly these funds could dry up, potentially leaving them unable to pay their rent or mortgage after a couple of months. One in five self-employed workers said they would rely on their partner's income or savings if they were unable to work.

Worryingly, 19% would struggle to pay their mortgage or rent if unable to work for two months due to illness or injury, and 11% would resort to taking out a loan, using an overdraft or credit cards.

MOST SUITABLE POLICIES

Protection and financial resilience are an integral part of personal financial planning, so it's important to obtain professional advice before selecting the most suitable policies. For many, this can be an overwhelming concept to tackle when establishing a personal financial plan.

Taking the time to understand the various components involved in building a resilient financial future is informative and essential for those looking to protect their assets and wealth. From understanding the basics of insurance policies to tax regulations and retirement planning. ◀

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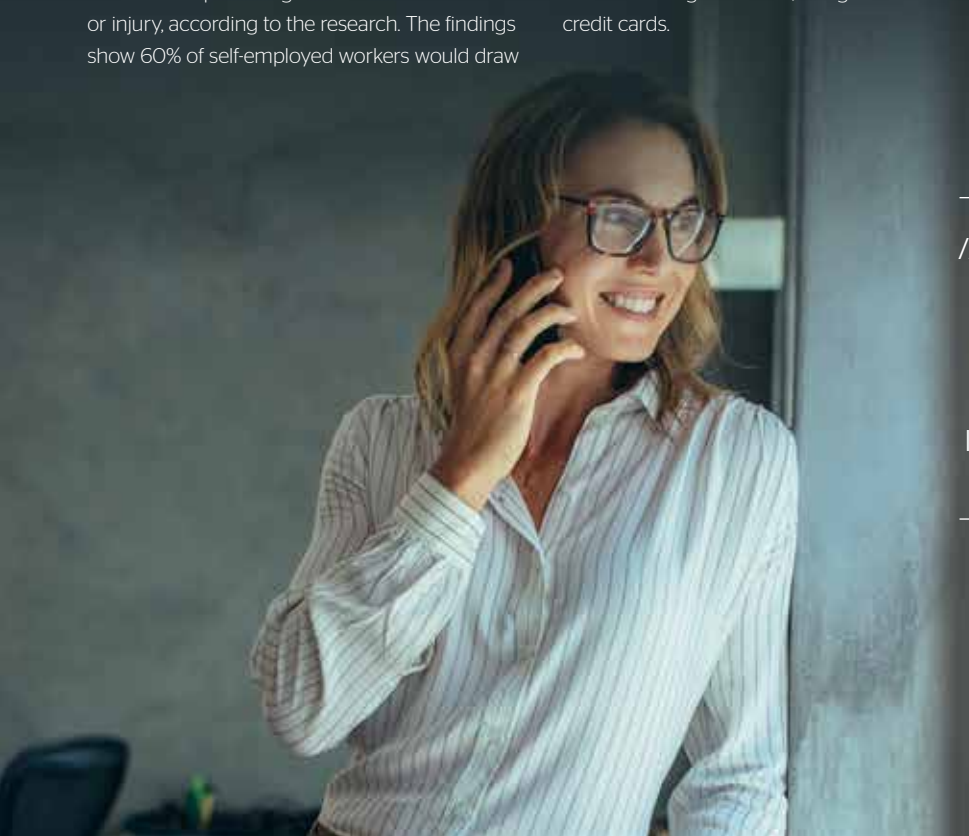
ARE YOU AND YOUR LOVED ONES PROTECTED AGAINST LIFE'S 'WHAT-IFS'?

Protection is about more than simply buying an insurance policy, it's about ensuring you are supported financially if you are no longer able to work or become ill. If you have any concerns or would like 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 16 August and 1 September 2022.



/// TAKING TIME OFF TO REST AND RECOVER AFTER AN ILLNESS OR INJURY CAN BE BENEFICIAL IN THE LONG RUN, AS IT ALLOWS WORKERS TO RETURN TO WORK WITH RENEWED ENERGY, AND IMPROVED CONCENTRATION AND PRODUCTIVITY LEVELS.

FUTURE WEALTH

READY TO START INVESTING FOR YOUR GRANDCHILD'S FUTURE?

Investing in the future of your grandchildren is a great way to help them prepare for their financial needs in life. By setting aside money now, you can provide them with added security and increased opportunities in the years to come. Investing for grandchildren can be used to help fund college tuition, make a down payment on their first car or home, or even start a retirement fund.

The earlier you invest, the more time your funds have to grow and compound over time. This means that a relatively small contribution today could lead to much larger returns over the long run. Furthermore, it's important that you consider professional advice when making decisions about investing for your grandkids. This will enable you to take advantage of all available tax deductions and legal rules that could make your investment even more beneficial to your grandchildren.

HELPING A GRANDCHILD PREPARE FOR THEIR FINANCIAL NEEDS IN LIFE

By investing for your grandchild's future, you can provide peace of mind knowing that you are helping them prepare for their financial needs in life. Not only will this give them the chance to pursue their dreams and goals, but it also allows you to create a lasting legacy that will be remembered for years to come.

Investing now may help ensure a bright future for your grandchildren. In addition, investing is an effective way to pass down wealth from one generation to the next. This can help reduce Inheritance Taxes due on large estates and enable families to retain more of their assets into the future.

NO TAX IS DUE ON ANY GIFTS YOU GIVE IF YOU LIVE FOR SEVEN YEARS AFTER GIVING THEM

As well as providing your grandchildren with financial support, investing can also be an effective way of reducing an Inheritance Tax liability. Gifting out of surplus income is a strategy for reducing an Inheritance Tax liability when investing for grandchildren. This involves gifting money from any excess income generated over and above what you need to cover your day-to-day living expenses.

No tax is due on any gifts you give if you live for seven years after giving them – unless the gift is part of a trust. This is known as the seven year rule. If you die within seven years of giving a gift and there's Inheritance Tax to pay on it, the amount of tax due after your death depends on when you gave it. When making gifts out of surplus income, it's important to ensure that the money is treated as a gift and not used as an investment.

JUST ONE WAY TO REDUCE YOUR INHERITANCE TAX LIABILITY WHEN INVESTING

HM Revenue & Customs (HMRC) has very specific guidelines on what constitutes a 'gift',

/// IF YOU START INVESTING AT BIRTH, THEN BY AGE 58 THEY WILL HAVE HAD 58 YEARS OF GROWTH POTENTIAL IF CONTRIBUTIONS ARE MADE REGULARLY. THIS SHOULD HELP BUILD SIGNIFICANT CAPITAL WHICH CAN THEN BE USED AS DESIRED ONCE MATURE ENOUGH TO DO SO.

so professional advice should be sought before gifting any money to your grandchildren. We can help you create an effective Inheritance Tax mitigation strategy for investing for grandchildren that meets all relevant legal requirements.

Gifting out of surplus income is just one way to reduce your Inheritance Tax liability when investing for your grandchildren; there are other options available too. It's essential that professional advice is sought in order to find the best approach for your individual circumstances.

PUTTING MONEY INTO A PENSION COULD BE AN IDEAL SOLUTION

If you're looking to build long-term wealth for your grandchildren, putting money into a pension is an ideal solution. However, there are some limits that you should know before taking this route. The earliest your grandchild can access the money in their pension is age 58. Therefore, it's important to think about how much time you have to allow the investments to grow and compound interest over the years until they reach adulthood.

You can open a Junior Self-Invested Personal Pension as soon as your grandchild is born. It's protected from Income Tax and is usually exempt from Inheritance Tax, too. You can pay in a maximum of £3,600 a year (tax year 2022/23) and the government will top it up by 20%, up to £720 a year – so that maximum contribution will actually only cost you £2,880.

If you start investing in a Junior Self-Invested Personal Pension at birth, then by age 58 a child or grandchild will have had 58 years of growth potential if contributions are made regularly. This should help build significant capital which can then be used as desired once mature enough to do so.

A HIGHLY TAX-EFFICIENT WAY TO SAVE OR INVEST FOR THE FUTURE

Junior ISAs (JISAs) are another option. A Junior ISA is an Individual Savings Account that can be opened by anyone on behalf of a child under the age of 18, when they can gain full access to it. A Junior ISA is 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. This means that if you start investing in a Junior ISA when your grandchild is young, by the time they turn 18 they could have had considerable growth in the funds you have contributed towards them. It also allows you to make sure that any money that you have saved for them is in a secure environment, with professional money management.

A children's savings account also provides an easy and convenient way to start investing in your grandchild's future. These accounts come with various features that make them ideal for long-term investments, such as tax-free growth on earnings and no contribution limits.

MATURITY NEEDED TO RESPONSIBLY HANDLE ANY MONEY

Additionally, you have the flexibility to choose how much money you want to invest and when you want to add or withdraw funds from the account. With these advantages, children's savings accounts provide a secure and practical option for diversifying a child's portfolio.

When investing for your grandchildren, professional advice should be sought to ensure that all legal requirements are met. It is important to consider the legal ownership of the money and when your grandchild will become eligible to access it. Consideration should also be given as to whether your grandchild will have the necessary skills, knowledge and maturity needed to responsibly handle any money they may receive.

SAFEGUARD YOUR GRANDCHILDREN'S FINANCIAL SECURITY

Parents or guardians should take advice in order to make informed decisions about what is best for their child's long-term financial future. By taking our professional guidance you can ensure that you are making the best decisions possible when investing on behalf of your grandchildren.Taking the time to make it part of your annual review will give you peace of mind knowing that you are taking steps towards building a solid financial foundation for your grandchildren.

With professional guidance, you can tailor an investment strategy specifically for them. Investing in their future today can have long-term benefits as they grow into adulthood. Start planning now and make sure your grandchildren's future is secure. ◀

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CREATE LASTING FINANCIAL SECURITY FOR THE NEXT GENERATION IN YOUR FAMILY

Investing for your grandchildren will prepare them for their future financial needs. With our guidance you can create lasting financial security for the next generation in your family. Doing so can be both rewarding and beneficial for everyone involved. Start investing today and watch the investments grow for generations to come. For more information, please contact us .

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

DRAWDOWN, **ANNUITIES OR BOTH?**

MAKE SURE YOUR RETIREMENT STRATEGY MEETS YOUR NEEDS AND GOALS

It's important to make a well-informed decision when it comes to deciding what to do with your pension pot: drawdown, annuity or a combination of both. Making the right choice will affect your retirement for many years.

Drawdown gives you freedom and flexibility, allowing you to choose your annual income, whereas annuities provide steady income and security. For those who want both, they can purchase an annuity with part of their pension whilst keeping the rest in a drawdown agreement – giving them the best of both worlds.

The decision of whether to use drawdown or annuities can be a complex one, and professional advice is essential. Depending on your circumstances, either option may be suitable, with some preferring the security of knowing their income will remain stable for life, while others find the greater flexibility of drawdown more conducive to their retirement plans.

ANNUITIES

Annuities provide guaranteed lifetime income, but they also carry risk; if you die shortly after taking out an annuity it means that you won't benefit from the full value that you paid for upfront. This can make them unsuitable for those with shorter life expectancies compared to those who are expected to live longer. The current rates available on annuities may be attractive when compared to those in the recent past, and this can be an incentive for those previously deterred by low returns.

The benefits of an annuity include long-term security, since the income is guaranteed for life and cannot be affected by fluctuations in investment returns or other market factors. Plus, some policies guarantee indexation which means that the pension will rise with inflation over time. This helps to ensure that retirees have sufficient funds to maintain their lifestyle going forward.

However, there are also downsides to consider when deciding whether an annuity is right for you. Annuity rates tend to be lower when interest rates fall, so you may get less than you had hoped for when taking your pension. Plus, the income is fixed and cannot be adjusted, so if your circumstances change in retirement and you require more funds it may not be possible to increase the amount you are receiving.

Ultimately, professional advice should always be sought with an annuity purchase as there can be a number of factors that need to be taken into consideration before making a decision. It is important to fully understand the terms of the policy and make sure that it is suitable for your individual situation before committing to anything long-term.

DRAWDOWN

In contrast to annuities, drawdown can provide more flexibility and control over how your money is managed in retirement. Drawdown is an increasingly popular option for retirees to receive an income during their retirement. This method of taking an income allows individuals to access their pension fund in a tax-efficient way, as withdrawals are only taxable when they exceed the Personal Allowance

The main advantage of drawdown for retirees is that it offers more flexibility than other options such as annuities or lump sum payments. Retirees can take out whatever amount they require, when they need it, and don't have to commit to fixed payments over time, allowing them the freedom to make their own decisions on how they wish to use their pension savings.

Another benefit is that any money left in the drawdown pot will not be liable for Inheritance Tax. This is beneficial for those who wish to leave a legacy for their beneficiaries, as the remaining investment can pass directly to them without being taxed.

On the other hand, choosing drawdown does come with some risks. Retirees should consider that markets can potentially be volatile and there may be no guaranteed income from investments. Withdrawing too much capital can also leave you exposed should you live longer than anticipated.

It's important that individuals have an understanding of how they plan to invest their

pension savings and how any losses or gains might affect them in future years. Additionally, if retirees take too much out of their drawdown pot then they could face hefty tax bills.

Overall, it's important that professional advice is taken before deciding upon a retirement strategy. While drawdown can offer more flexibility than other options, it's important to weigh up all the pros and cons before making a decision. Ultimately, the right strategy should be tailored to the individual's needs and circumstances.

COMBINATION OF DRAWDOWN AND ANNUITIES

For some people, a combination of drawdown and annuities may provide the best balance between security of income and control over withdrawals – we can help to determine which option is most suitable for you. Ultimately, it's important to understand all aspects of both drawdown and annuities, including the pros and cons of each, before making a decision.

Making sound financial decisions requires due diligence and taking into account all relevant factors so that your retirement goals are met in the most efficient way possible. Therefore it is important to consider both drawdown and annuities when planning for retirement, and professional advice is key to making an informed decision. With the right knowledge and professional advice, you will be able to make a decision as to which option is most suitable for your particular circumstances.

By taking into account all relevant factors, you can make sure your retirement strategy meets your needs and goals. ◀

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ARE YOU CONFIDENT OF MAINTAINING A GOOD STANDARD OF LIVING IN RETIREMENT?

As we all live longer and enjoy unprecedented freedom to decide our own retirement options, it has never been more important to have clarity over what you want to do and how much money you'll need to achieve that.

Through our retirement financial planning services, we can help you position your finances so that you are confident of maintaining a good standard of living and have the income to realise your life goals, whatever they may be. For more information, please contact us.

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FOR ISA'S INVESTORS DO NOT PAY ANY PERSONAL TAX ON INCOME OR GAINS BUT ISAS DO PAY UNRECOVERABLE TAX ON INCOME FROM STOCKS AND SHARES RECEIVED BY THE ISA MANAGER . TAX TREATMENT VARIES ACCORDING TO INDIVIDUAL CIRCUMSTANCES AND IS SUBJECT TO CHANGE.

RETIREMENT PLANNING

YOUR WEALTH. YOUR LEGACY

It goes without saying that there's no time like the present to kick-start your retirement planning. The earlier you start, the better. You'll then be able to set about realistic goal setting and, importantly, diversification of your investments. Working hard to save for your retirement is an important endeavour.

Maximising your annual pension allowance is key to achieving a more tax-efficient retirement income. The current annual allowance allows you to contribute up to £40,000 a year or your annual income (tax year 2022/23), whichever is lower, to your pension and still benefit from full tax relief at your marginal rate of Income Tax.

ANNUAL SELF-ASSESSMENT

For example, if you are a basic rate taxpayer and contribute £100 (gross) into your pension, it will only cost you £80 (net). Your pension provider will claim the difference as tax relief – 20% basic rate tax relief – and add it to your pension pot. If you're paying higher rates then you can also claim higher rate tax relief by completing the annual self-assessment form.

Planning ahead for the year is key when it comes to retirement and avoiding the emergency tax trap. If you take several large sums from your pension over a few months, this could push you into a higher rate tax bracket and subject you to emergency tax as HM Revenue & Customs may assume you're planning on taking this income every month.

STAY WITHIN TAX THRESHOLDS

Rather than taking lump sums, it may be more appropriate to spread out the amount from your pension over the next few months or years in order to maintain a clear plan and ensure that you are paying the correct amount of tax. This way, you can enjoy the money from your pension without any surprise taxes down the line.

When it comes to retirement, withdrawing what you need is essential in order to stay within tax thresholds. The benefit of pension drawdown means that you can vary your retirement income from year to year, keeping it within an acceptable threshold.

MISSING VALUABLE ENTITLEMENTS

Additionally, it's worth thinking about other assets you have available. For example, if you have sufficient savings in your Individual Savings Account (ISA) then this can be withdrawn as tax-free income without affecting your tax bracket. Utilising both pensions and ISAs together can be very useful during retirement.

It's important to understand your pension and the 25% tax-free cash that you may be eligible for. Some pension savers with older company pension schemes may have more protected cash available than the headline rate, yet many of them often forget they are eligible for these benefits. Don't assume that your pension has the same benefits as others – an adviser can help you clarify your situation and make sure you aren't missing out on valuable entitlements.

RIGHT CHOICE FOR YOU

Additionally, you need to be aware of your pension Lifetime Allowance, currently set at £1,073,100 for the 2022/23 tax year. You can save more than this into a pension, but you may be charged additional tax. The amount of tax you pay depends on how you draw the money out and can result in 55% extra tax if you take it as a lump sum or 25% plus Income Tax when taken as an income.

Taking benefits from a defined benefit pension scheme before age 65 may also be subject to an additional cost, but it could still be the right choice for you. You will receive a lower pension, but for a longer period. This could potentially put you in a lower tax bracket or bring benefits below the lifetime allowance. Before making this decision, weigh up what other savings you have access to, such as ISAs and investments. ◀

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HOW WILL YOU AFFORD THE STANDARD OF RETIREMENT YOU WANT?

By maximising your annual pension allowance, you could increase your salary and enjoy a more comfortable retirement in the future. If you would like to discuss your options we can provide a plan to ensure your drawdown strategy is conducted in a tax-efficient way. Please contact us to find out more.

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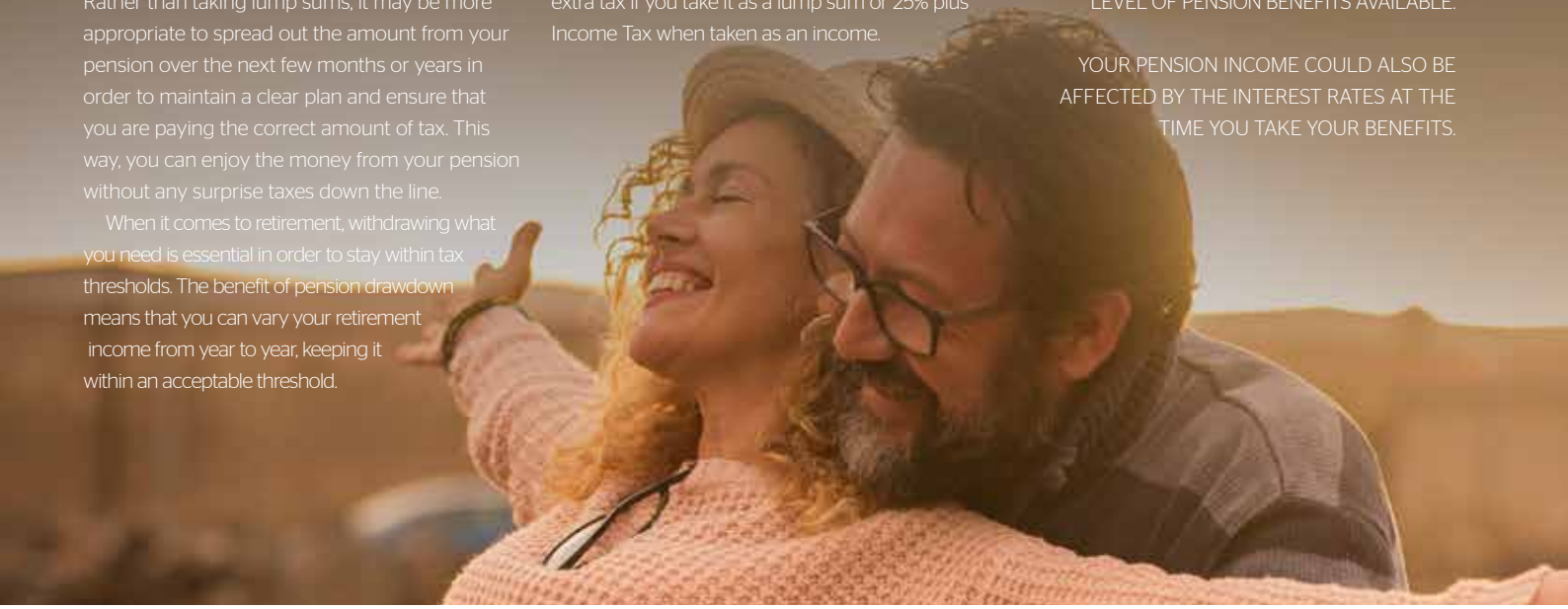

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