



PAUL YOUNG

*INDEPENDENT
FINANCIAL ADVISORS*

A CRUCIAL DECADE: **FINANCIAL PLANNING IN YOUR 50s**

MAXIMISING YOUR EARNINGS OR LAYING
DOWN A ROBUST FINANCIAL PLAN



**'TIME IN THE MARKET',
NOT 'TIMING THE MARKET'**

The allure of quick profits
and instant gratification

**WEATHERING THE
INFLATION STORM**

Is it time to diversify
your portfolio?

TAXING TIMES FOR 2023

A year marked by several
tax changes that impacted
higher rate taxpayers

Paul Young Independent Financial Advisors LLP

72 High Street, Harrold, Bedfordshire MK43 7BH

Tel: 01234 720630 **Fax:** 01234 721016 **E-mail:** mail@paulyoungifa.co.uk **Web:** www.paulyoungifa.co.uk

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INSIDE THIS ISSUE

Welcome to our latest edition. In this issue, as you sail into your 50s, it becomes pivotal to consider your financial strategy. Life has likely found a steady rhythm by now. Children have probably taken flight, becoming financially self-sufficient, and the idea of reducing work hours or even retiring completely starts to surface. Each person's life journey is unique and has different resources and challenges. However, there are shared goals and steps that one can take during this stage. On page 09, we consider how knowing where to begin can be daunting, whether you aim to maximise your earnings or lay down a robust financial plan.

In the investing world, the allure of quick profits and instant gratification often tempts some investors to employ a 'market timing' strategy. This method involves making decisions about buying or selling financial instruments based on predictions of future market price movements. Market timing is an active investment strategy aiming to beat the traditional buy-and-hold strategy. It involves moving in and out of the market or switching between asset classes based on predictive methods such as technical indicators or economic data. Read the full article on page 10.

The mantra 'Cash is king' has echoed through the investment world for years. Cash forms the backbone of our society. As long as money spins the globe, many will uphold cash as the reigning monarch. However, this crown has been slipping as of late. The culprit? Rampant inflation, rapidly eroding the purchasing power of cash. Even the most competitive rates on the high street typically lag behind inflation. On page 28, we raise a question – is it wise to lock into a rate that incurs losses in real terms merely to avoid the short-term volatility of financial markets?

As we approach the end of the year, taxpayers should begin assessing their tax obligations. This is not a task to be left to the eleventh hour, especially considering tax changes coming into effect in 2024. This is also particularly true for 2023, a year already marked by several tax changes that impact higher rate taxpayers. By understanding your tax obligations early on, you could avoid unwelcome surprises. On page 05, we consider how understanding these tax changes allows you to plan and strategise effectively to meet your tax obligations without unnecessary stress or last-minute surprises.

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

TAKING MORE CONTROL OF YOUR FINANCIAL FUTURE

With our help, we can develop and adapt a strategy designed to help you achieve your financial objectives. Your wealth should represent your values—how it might impact your family and benefit the causes you care about. Our role is to remove the effort from managing wealth, allowing you and your family to enjoy it instead. Please contact us for more information about how we can help you visualise your financial future.



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

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

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WEATHERING THE INFLATION STORM

Is it time to diversify your portfolio?



A TIMELY PROPOSITION

CONSIDERING GILTS FOR YOUR INVESTMENT PORTFOLIO?

High interest rates make gilts an attractive option for some investors, especially higher rate taxpayers who benefit from the tax exemption from capital gains. What exactly are gilts? These UK government bonds, or debt securities, are issued to finance public expenditure. Their appeal lies in their low-risk nature and guaranteed income.

SECURING SAFE INVESTMENTS WITH GILTS

Gilts are considered one of the safest investment options because the British government fully backs them. Think of a gilt as an IOU from the Treasury. Investors receive regular interest payments in return for lending money to the UK government. Most gilts offer a fixed cash payment (or a coupon) every six months until maturity, when the final coupon payment is made along with the return on the original investment.

TRADING AND MATURITY OF GILTS

Investors have two options: hold on to the gilts until maturity or sell them on the secondary market, much like company shares. Short-term gilts mature between one to five years, medium-term gilts have a lifespan of five to fifteen years, while long-term gilts exceed fifteen years, some even extending up to fifty years. Generally, gilts with longer lifespans have higher interest rates than those maturing soon.

UNDERSTANDING GILT YIELDS

The annual return an investor gets for holding a gilt over the next 12 months is known as the yield. It's calculated by dividing the annual coupon payments by the current market price. Various factors influence gilt yields, including the outlook for interest rates, inflation and market

demand for gilts. Interestingly, bond prices and yields move in opposite directions.

THE RISE OF GILT YIELDS

Since the pandemic, interest rates have skyrocketed as the Bank of England tries to control inflation. Interest rate changes significantly impact bond prices, especially when they are forecasted to keep increasing. As interest rates increase, bond prices generally fall, and vice versa. This inverse relationship is due to new bonds with high coupon rates being issued at higher interest rates than older bonds that have been issued at lower rates.

THE TAX BENEFITS OF GILTS

While Income Tax applies to the interest earned from gilts, they are entirely exempt from Capital Gains Tax (CGT). This means there's no CGT to pay on any profits from selling a gilt or when it matures. This exemption is especially beneficial for higher rate taxpayers who'd otherwise have to pay a 20% CGT. Moreover, there's no tax on gilts held in a tax-efficient wrapper like an Individual Savings Account (ISA) or a Self-Invested Personal Pension (SIPP).

PROTECTING CAPITAL WITH INFLATION-LINKED GILTS

For investors concerned about inflation, inflation-linked gilts offer a reliable way to

protect their capital if held to maturity. The principal and interest are tied to inflation, ensuring investors receive a return that keeps pace with the cost of living.

GILTS AND PORTFOLIO DIVERSIFICATION

Gilts provide a safer alternative during uncertain times, and their low correlation with stock markets makes them an alternative diversifier. By including gilts in a diversified portfolio, investors can mitigate risk and balance their exposure to different asset classes as the coupon is fixed at the outset. ◀

ARE YOU LOOKING TO MAKE BETTER-INFORMED INVESTMENT DECISIONS?

Don't hesitate to get in touch for further information or advice on adding gilts to your portfolio. We're here to help you make informed investment decisions. To find out more, contact us – we look forward to hearing from you.

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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.

TAXING TIMES FOR 2023

A YEAR MARKED BY SEVERAL TAX CHANGES THAT IMPACTED HIGHER RATE TAXPAYERS

As we approach the end of the year, taxpayers should begin assessing their tax obligations. This is not a task to be left to the eleventh hour, especially considering tax changes coming into effect in 2024.

This is also particularly true for 2023, a year already marked by several tax changes that impact higher rate taxpayers. By understanding your tax obligations early on, you could avoid unwelcome surprises. Understanding these tax changes lets you plan and strategise effectively to meet your tax obligations without unnecessary stress or last-minute surprises.

Remember, proactive tax planning can help you optimise your finances and potentially reduce your tax liability.

TAX CHANGES AND THEIR IMPACT

In the 2023/24 tax year, the threshold for taxpayers in England, Wales and Northern Ireland paying the top tax rate of 45% has been reduced from £150,000 to £125,140. This figure aligns with taxpayers earning over £100,000, who lose all of their personal allowance. Scottish taxpayers face a similar situation, but the tax rate has increased to 47%.

Capital Gains Tax (CGT) allowances and dividend allowances have also been slashed. The annual exempt amount for CGT has dropped from £12,300 to £6,000 for this tax year and will further decrease to £3,000 from April 2024. Similarly, the dividend allowance has been cut from £2,000 to £1,000, with another £500 reduction planned for April 2024.

STRATEGIES FOR MITIGATING TAX RISES

The challenge for all is devising ways to counteract these tax increases. Here are some strategies for those likely to become additional rate taxpayers due to the threshold reduction, if applicable.

CHARITABLE DONATIONS

The tax system encourages generosity by providing tax relief on charitable donations. You won't have to pay CGT on land, property or shares donated to charity. By deducting the value of your donation from your total taxable income, you can also pay less Income Tax.

SELLING SHARES

With the CGT allowance set to decrease further in the next tax year, it might be worth considering selling stocks that have gained value. However, investment decisions should align with your goals and objectives rather than purely tax breaks.

DEFER TAX WITH INVESTMENT BONDS

Offshore investment bonds can provide cash in the form of capital payments, deferring tax on growth. The trade-off is that the growth will be subject to Income Tax rather than CGT when the bond matures.

BOOST PENSION CONTRIBUTIONS

Pension contributions can reduce taxable income levels. If your earnings surpass £125,140, every £55 contributed to a pension will yield £100 of investment. How you receive the tax relief depends on whether you're employed or self-employed. However, it's essential to have enough 'earned' income to cover the gross contribution and be aware of the annual allowance limit. This is the limit on how much money you can contribute to your pension in any one tax year while still benefiting from tax relief. It currently stands at £60,000.

INVESTMENT SPLITTING

Splitting investment portfolios between spouses or partners allows you to use both CGT allowances and lower rate bands. Gifting investments to a non-earning spouse or partner can ensure their allowances aren't wasted.

RESTRUCTURE COMPANY DIVIDENDS

Company owners might consider restructuring dividends to retain their personal allowance every other year. This approach requires careful planning and discipline to retain enough cash each high-income year.

FAMILY INVESTMENT COMPANIES

Family investment companies can serve as a longer-term wealth accumulation structure. Although the corporation tax rate has increased to 25%, dividends received by a company are not subject to tax, allowing for potential gross roll-ups of income. ◀

TIME TO TAKE CONTROL AND FIND WAYS TO MINIMISE YOUR TAX BURDEN LEGALLY?

Understanding your tax obligations early can help you plan better and avoid unnecessary financial stress. You can make the most of your tax planning options with careful planning and professional advice. Don't wait until the start of the new tax year is upon you. Start today and explore the various strategies that could help you pay less tax. If you require further information, please get in touch with us.

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STRATEGIES TO MINIMISE RETIREMENT TAX

MANY PENSIONERS MAY FACE A LURKING TAX RISK AS THE STATE PENSION GROWS

Many pensioners may face a potential tax pitfall as the State Pension escalates and Income Tax bands remain fixed. Pensioners are set to see a substantial increase in their income next year. The State Pension is projected to rise by 8.5% in April 2024, following a 10.1% increase in April 2023^[1].

This is due to the government's 'triple lock' mechanism, which guarantees that the benefit increases in line with wage growth, inflation or 2.5% - whichever is higher. Consequently, a full new State Pension could increase from £10,600 this tax year to slightly over £11,500 in 2024/25. However, the Prime Minister has yet to confirm if the triple lock will remain fully in place.

Many pensioners may face a lurking tax risk as the State Pension grows. The Income Tax personal allowance, which is your overall income's tax-free portion, is currently stagnant at £12,570 a year. In some situations, an individual could have a higher amount than this tax-free, for example if all income is savings income. This could mean some people might receive less tax-free income from other sources. This situation may result in a tax code change on a pension or annuity or necessitate reporting other income to HMRC for the first time.

UTILISING YOUR ALLOWANCES

When retiring it's good to be aware of certain 'allowances' that could help you earn a bit from your cash and shares without paying tax. Understanding these allowances is the first step towards paying less tax in retirement.

Take note of the personal savings allowance, for instance. This allows basic rate taxpayers to earn £1,000 of interest in 2023/24 before paying tax. The allowance is lower (£500) for higher rate taxpayers, while additional rate taxpayers don't receive any personal savings allowance.

EXTRA SAVINGS AND DIVIDEND ALLOWANCES

An additional 'starting rate' for savings offers a special 0% rate of Income Tax for savings income of up to £5,000 for those whose general taxable income falls below £17,570 in 2023/24.

The dividend allowance is another tool at your disposal. It allows you to receive £1,000 tax-free from shares for the 2023/24 tax year, which is reduced from £2,000 the previous tax year. Come 2024/25, the allowance will drop further to just £500.

PROTECTING YOUR SAVINGS FROM TAX

There are different ways to shelter your savings from tax. One such method is using a Cash Individual Savings Account (ISA), where any interest earned is tax-efficient. However, remember that the more you use your £20,000 a year ISA allowance for cash, the less you'll have available for investments in a Stocks & Shares ISA. This could be more useful in avoiding tax on income or gains from shares or other assets.

National Savings and Investments (NS&I) also offer certain tax-free cash savings products, like Premium Bonds. With these, your money is secure, and you are entered into a monthly prize draw where you can win between £25 and £1 million tax-free.

PLANNING PENSION WITHDRAWALS

Under the current rules, once you reach normal retirement age, you can usually take an invested pension pot, such as a Self-Invested Personal pension (SIPP), as cash in one go. But remember, taxes on retirement income will generally apply to 75% of this sum. It's also added to other income in the tax year it is received so it could push you into a higher Income Tax band.

Depending on the scheme options available, you can 'phase' your retirement pension income by taking the 25% tax-free lump sum and taxable income in stages. Spreading withdrawals over multiple tax years in this way may help you make the most of tax allowances and avoid paying more tax than necessary.

USING ISAS FOR TAX-EFFICIENT INCOME

Stocks & Shares ISAs are a tax-efficient way to invest your money for the long term. Unlike a pension, an ISA also offers the freedom to withdraw money easily whenever you want to without paying any tax. Proceeds are free of Income Tax and Capital Gains Tax.

These features make ISAs very useful for almost any investing need. They can be beneficial in retirement as a way to supplement



income without any tax consequences. For example, they can complement pension income, which is usually taxable beyond the first 25% of the pot, or in some circumstances, help bridge a gap until you access a pension.

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DEFERRING THE STATE PENSION

It's worth noting that you don't have to claim your State Pension as soon as you're entitled. By not claiming your State Pension immediately, you're giving up income in the short term, but if you're still working and know you'll experience a drop in income later on, it can make sense. You could pay less tax, plus you'll receive a larger amount when you take it.

However, you must also be confident you will live a relatively long life. The longer you live, the more valuable deferring gets, but if

you live significantly shorter than the average, it is unlikely to be worth it.

EFFICIENT ASSET DISTRIBUTION

If appropriate to your situation, consider splitting income-producing assets if you're married or in a registered civil partnership. This can be done by holding them in joint names or allocating them to the partner with the lower income and tax liability. The beneficial ownership, as well as the legal ownership, would need to be transferred.

You can also think about how you arrange your asset types across different accounts. For example, it can make sense to prioritise your ISA allowances for dividend-producing investments rather than cash. However, your needs, objectives and circumstances will dictate what's best for you. ◀

DO YOU REQUIRE FURTHER INFORMATION?

Many factors come into play when looking at your income and the tax you pay in retirement. But with careful planning, you can secure your financial future. Please don't feel that you have to go it alone. We're here to help you take control of your finances, giving you freedom and peace of mind. Understanding the intricacies of retirement tax can be complex. Please get in touch with us for further information.

Source data:

[1] House of Commons Library 2023 - *The triple lock: How will State Pensions be uprated in future?* Published Friday 13 October 2023.

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DECODING AUTO-ENROLMENT

GOOD NEWS ON THE HORIZON FOR FUTURE RETIREES

For employees, auto-enrolment is a crucial component to consider in their retirement strategy. Understanding auto-enrolment becomes critical as we increasingly understand the need for adequate retirement preparation. Historically, while some companies offered their employees the chance to contribute to a pension fund for retirement preparation, others did not.

To facilitate and promote more significant savings, the government implemented legislation for automatic enrolment, or 'auto-enrolment', in October 2012. This mandated all employers to offer a pension scheme to their employees who are eligible to join.

RULE CHANGES EXPECTED TO BE ANNOUNCED SOON

Auto-enrolment applied to employees who were not already a part of a qualifying workplace pension, were aged at least 22 but below the State Pension age, earned more than £10,000 in the current tax year and worked in the UK. Exceptions were made for businesses with fewer than ten employees and those whose only employees were company directors.

Under the existing auto-enrolment thresholds, anyone earning between £6,240 and £10,000 per tax year could request to join the scheme (and the company would be obligated to allow them to do so), but they would not be automatically enrolled. However, these rules are likely to change soon.

THE NEW FACE OF AUTO-ENROLMENT

Although the bill is yet to be passed into law, it is anticipated there will be two significant changes to the auto-enrolment rules. The minimum enrolment age will be lowered to 18, and the lower salary limit of £6,240 will be abolished.

The previous regulations excluded many individuals from automatic entry into the

scheme, particularly part-time and low-wage workers. The logic was simple enough – saving for the future could impact your lifestyle if you're a low earner.

IMPLICATIONS OF THE NEW AUTO-ENROLMENT RULES

These changes won't affect you if you're already enrolled in a pension scheme. However, those not currently covered by the regulations will see a 3% decrease in their monthly pay, which will be directed towards auto-enrolment contributions. While this might initially strain your household budget, it's an adjustment that can ultimately benefit your future.

Opting out of the company's scheme is possible, but doing so means losing out on the company contributing an additional 5% to your pension savings account. This may not be in your best long-term interests. You can opt out and rejoin later when you feel more comfortable with the payments, and your employer will be required to re-enrol you every three years, giving you a chance to reassess your decision.

A CRITICAL PART OF SECURING YOUR FINANCIAL FUTURE

The anticipated changes to the rules governing auto-enrolment will likely mean that everyone now has an equal opportunity to achieve a more comfortable retirement. But remember, planning your retirement isn't optional; securing your financial future is critical. Leveraging your employer's

pension plan through auto-enrolment could be one of the best decisions you can make for your golden years.

If you'd like to put away more for your retirement, if appropriate, you could consider opening a Self-Invested Pension Plan (SIPP). It's a personal savings account where your investments can grow tax-free, and you'll have a wide range of investments to choose from. You can currently invest up to 100% of your earned income or £60,000 (whichever is the lower) each year and claim Income Tax relief on your contributions. ◀

DO YOU WANT TO UNDERSTAND HOW TO NAVIGATE THESE CHANGES AND WHAT THEY MEAN FOR YOUR FINANCIAL FUTURE?

Don't hesitate to contact us if you require further information or have questions about these changes. We're here to help you navigate these changes and understand what they mean for your financial future. Don't leave your retirement to chance – get in touch today.

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A CRUCIAL DECADE: FINANCIAL PLANNING IN YOUR 50s

MAXIMISING YOUR EARNINGS OR LAYING DOWN A ROBUST FINANCIAL PLAN

As you sail into your 50s, it becomes pivotal to consider your financial strategy. Life has likely found a steady rhythm by now. Children have probably taken flight, becoming financially self-sufficient, and the idea of reducing work hours or even retiring completely starts to surface.

Each person's life journey is unique and has different resources and challenges. However, there are shared goals and steps that one can take during this stage. Knowing where to begin can be daunting, whether you aim to maximise your earnings or lay down a robust financial plan.

FINDING THE BALANCE BETWEEN CASH AND INVESTMENTS

The key to financial stability lies in balancing cash and investments. It's generally advisable to have an emergency fund that can cover three to six months of living expenses and any planned spending. This provides a safety net for unexpected events like job loss or significant sudden expenditures. However, the exact amount depends on factors such as employment security and expense levels.

While it may be tempting to hoard cash, having too much idle money is only sometimes the best strategy. For long-term goals, investing can offer the opportunity for your money to grow and outpace inflation.

BOOSTING RETIREMENT SAVINGS WITH HIGHER EARNINGS

As you enter your 50s, retirement planning should take centre stage. This period often comes with increased earnings, which, when channelled towards pension contributions, can yield extra benefits from tax relief. Determining how much capital you'll need for the rest of your life can be challenging, but tools like pension calculators can provide guidance.

If your income has increased compared to in your 30s or 40s, consider using the extra money to accelerate your retirement savings. This could be in the form of additional pension contributions, with options like a Self-Invested Personal Pension (SIPP) offering flexibility.

UNDERSTANDING STATE PENSION FORECASTS

The State Pension forms a significant part of most people's retirement income. Yet, there's often confusion about its specifics. In your 50s, it's crucial to understand the rules for qualifying, how much you'll receive and from what age.

You can obtain a State Pension forecast from the government website <https://www.gov.uk/check-state-pension>, which helps you understand how much you could get and how to increase it. Monitoring your National Insurance (NI) contribution record is also essential, and you can fill any gaps in contributions from the last six years through voluntary payments.

WEIGHING MORTGAGE PAYMENTS AGAINST INVESTMENTS

Deciding between paying off your mortgage or investing the money is a personal decision that involves considering factors such as your risk tolerance, financial goals and tax situation.

If you're risk-averse, you may prefer to pay off your mortgage quickly for peace of mind. On the other hand, investing could provide higher returns, especially for higher rate taxpayers making pension contributions if you're open to taking some risks.

Downsizing could also be an option if you own a large home. This could free up equity to fund your retirement and reduce maintenance costs.

PLANNING FOR SUCCESSION AND INHERITANCE TAX

As you age, it becomes increasingly important to plan for the future, particularly regarding passing on assets and managing Inheritance Tax. Even those who aren't exceptionally wealthy may be subject to this tax.

Inheritance tax is levied on the value of an estate upon the owner's death, but there are ways to reduce this liability, such as making gifts or setting up trusts. Ensuring your Will is updated to reflect your current circumstances is also crucial. ◀

ARE YOU IN YOUR 50S AND LOOKING TO MAXIMISE YOUR EARNINGS OR DEVELOP A ROBUST FINANCIAL PLAN?

For further information or personalised advice related to financial planning in your 50s, don't hesitate to get in touch. We're here to help guide you through this critical stage of your financial journey.

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'TIME IN THE MARKET', NOT 'TIMING THE MARKET'

THE ALLURE OF QUICK PROFITS AND INSTANT GRATIFICATION

In the investing world, the allure of quick profits and instant gratification often tempts some investors to employ a 'market timing' strategy. This method involves buying or selling financial instruments based on predictions of future market price movements.

Market timing is an active investment strategy aiming to beat the traditional buy-and-hold strategy. It involves moving in and out of the market or switching between asset classes based on predictive methods such as technical indicators or economic data.

ASSET FUNDAMENTALS AND FINANCIAL PLANNING

For instance, if an investor believes that a stock's price will rise, they may decide to buy it immediately or plan a purchase. Conversely, if they anticipate a decline in the stock's value, they may sell it immediately or schedule a sale.

While factors like asset fundamentals and financial planning can influence these decisions, the core of market timing revolves around anticipated price changes. The critical objective of market timing is to capitalise on these market predictions and generate profit. However, this strategy's success hinges on the accuracy of these forecasts.

THE PITFALLS OF MARKET TIMING

The track record of market timing is far from impressive. One of the primary reasons for this is the difficulty in accurately predicting market movements. Many factors influence

financial markets, ranging from economic indicators to geopolitical events, making it almost impossible to make accurate predictions consistently.

Moreover, market timing requires investors to make two correct decisions: when to exit the market and when to re-enter. Making a mistake in either of these decisions can lead to significant financial loss.

THE POWER OF POUND COST AVERAGING

In contrast to the high-risk, unpredictable nature of market timing, a less volatile and more straightforward strategy is known as 'pound cost averaging'. This technique involves investing a fixed amount regularly, regardless of the market conditions.

For instance, if you have a lump sum of £10,000 and choose to invest £1,000 a month over ten months, you would be less affected by short-term volatility. As you gradually put your money in, any share price movement has less effect on the value of your investment.

POTENTIALLY LEADING TO SUBSTANTIAL LONG-TERM GAINS

Moreover, this approach allows you to buy more shares when prices are low and fewer

when prices are high, potentially leading to substantial long-term gains.

However, it's important to note that while pound cost averaging can help mitigate some risks, it does not guarantee profits or protect against losses. Like all investment strategies, it comes with its own set of risks, and the value of your investments can fall and rise. ◀

TIME TO GROW YOUR WEALTH STEADILY OVER TIME?

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Investing is not about getting rich quickly; it's about growing your wealth steadily over time. Therefore, it's crucial to resist the temptation of market timing and instead focus on building a diversified portfolio that aligns with your financial goals and risk tolerance. Please speak to us to discuss how we can assist you with your wealth creation.

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HIGH COSTS OF PRIVATE EDUCATION

THE SIGNIFICANT DECISION OF CHOOSING A PRIVATE SCHOOL FOR CHILDREN

Choosing the right educational path for your children is one of the most significant decisions you will make as a parent. Among the many considerations, private schooling often emerges as an option due to its perceived benefits, such as smaller class sizes, specialised programmes and personalised attention.

However, the high costs associated with private education can make this decision even more complex. Data from the Independent Schools Council reveals that the majority of pupils attend day schools, meaning the typical fee level is £5,552 per term or £16,656 per annum, a rise of 5.8% from 2021 to 2022^[1].

This equates to a hefty total of £116,592 per child for those who opt for private secondary schooling through the end of sixth form. And these figures don't include potential increases in fees over time. The financial burden can be even greater if considering private primary or preparatory schools.

EASING THE FINANCIAL BURDEN: ROLE OF WEALTHY GRANDPARENTS

However, grandparents have the capacity to alleviate this financial strain on their adult children while simultaneously addressing a looming Inheritance Tax (IHT) issue.

INHERITANCE TAX: A GROWING CONCERN

UK families are increasingly feeling the pinch of IHT when family members pass away. In the fiscal year 2022/23, IHT receipts touched a record high of £7.1 billion, according to HM Revenue & Customs (HMRC) figures^[2], an astounding 108% increase over the last decade. Presently, IHT is levied at a rate of 40% on estates exceeding the nil-rate band, which stands at £325,000, or £500,000 if the property is being left to children or grandchildren.

NAVIGATING IHT: ROLE OF GIFTING

One method of reducing your loved ones' IHT burden is to start giving away surplus money. The less money you possess over the nil-rate band, the smaller the tax bill. For grandparents, contributing to school fees can serve a dual purpose: reducing your IHT bill and witnessing your grandchildren benefit from your wealth.

With IHT gifting rules, implications arise when gifting outside of the exemption rules. However, there are no limits on the amount you can give away. Here are several allowances you can leverage, whether you're paying the entirety of the school fees or making a contribution.

Yearly exemption: Every year, you can contribute £3,000 tax-free to any individual of your choice. Couples can unite to offer a combined tax-free gift of £6,000. Moreover, you can carry forward the unused portion from the previous year, although this can only be done once. This yearly exemption can also be paired with a donation from surplus income and given to the same recipient.

Gifts beyond allowances and Inheritance Tax (IHT): Even if your donations exceed these allowances, you might still not have to pay IHT and some gifts may be chargeable lifetime transfers. Any gifts you make that go beyond the allowed exemptions are seen as 'potentially exempt transfers' and fall under the seven-year rule. This implies that if you survive for at least seven years after making the gift, it will be removed from your estate and won't be subject to any IHT. If you pass away before seven years, taper relief may apply to gifts surpassing the £325,000 threshold.

TRUSTS: AN EFFECTIVE TAX STRATEGY

Instead of making direct payments to your children's school, you might discover tax benefits using a trust to fund your gifts where the gift would be to the trust. When you donate money into a discretionary trust, control over the underlying capital's management is in the hands of the trustees, who could be the grandparents and/or the parents. Yet, the income produced could be applied towards school fees. This approach can be advantageous from an IHT planning perspective.

IHT PLANNING AND TRUST ADVANTAGES

Any amount can be transferred into a trust. These assets will be exempt from IHT provided the donors live for seven years post-gift. An added perk of this method of school fee funding is that the income produced by the trust is taxed at the beneficiary's rate – that is, the child's if the trust is absolute. Given that the child is likely to have a lower tax rate than other family members, this can lead to substantial savings.

TRUST CONTINUATION AND UNIVERSITY FUNDING

Another advantage is that the trust can continue to operate even after the child has finished school, providing financial support for university life. If the trust is absolute, the child would have to agree to this. However, trusts are complex structures and grandparents cannot benefit once a trust is established. Additionally, given the complexity of trusts, it is crucial to seek professional advice before setting one up. ◀

NEED TO FORMULATE YOUR PLANS SOONER RATHER THAN LATER?

Early planning is crucial if you face a potential IHT liability and wish to help fund private education for your grandchildren. Discussing it with your children and formulating plans sooner rather than later can be beneficial. To find out more, please contact us and we'll explain your options. We look forward to hearing from you.

Source data:

[1] ISC Census and Annual Report 2023.

[2] <https://www.statista.com/statistics/284325/united-kingdom-hmrc-tax-receipts-inheritance-tax/>

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JOURNEY TO MONETARY AUTONOMY

OPTIMISING YOUR FINANCES AND FORMULATING AN ALL-ENCOMPASSING WEALTH PLAN FOR THE FUTURE

Everyone is entitled to monetary autonomy, and maintaining financial wellness throughout life is more of a marathon than a sprint. One must deeply grasp one's financial status to reach short-term and long-term objectives.

To optimise your finances and formulate an all-encompassing wealth plan for the future, we have created a guide that will enable you to understand your finances better and boost your financial fitness.

UNDERSTANDING YOUR FINANCIAL STATUS

The first step towards improving your financial fitness involves understanding your financial situation. Begin by documenting your income and expenditure or updating any existing records. Ask yourself if your income meets your expenses. Do you have surplus income that can be invested? Are there underutilised monthly subscriptions or memberships that could be cancelled to save money? Understanding your daily financial situation forms the basis of your journey towards financial stability.

EVALUATING CURRENT INVESTMENTS

If you have already invested money, ensure you are fully aware of your investments. Where are they invested and what is their current value? Could you make your holdings more tax-efficient by maximising your annual investment allowance for your Individual Savings Account (ISA)? Understanding your investments can make them work better to your advantage.

Your lifestyle, life stage or risk tolerance may have changed since you first made your investments. Being aware of the level of risk

you are comfortable taking when investing is crucial in determining if your investments are still suitable or need adjustments.

PENSION SIMPLIFICATION

Many people start contributing to a pension as soon as they begin working but often neglect it until they are nearing retirement. This neglect can lead to missed planning opportunities, since pensions can offer tax-efficient savings invested in various strategies. Start locating any old plans now, especially those left behind with previous employers. If they don't provide good value or their features seem unnecessary, consider consolidating them for a lower-cost solution or consult us on how to use them tax-efficiently. Make sure your pension is working towards achieving your long-term financial goals.

TAKING YOUR FAMILY SITUATION INTO ACCOUNT

Optimising income and capital is essential for everyone. For married couples or those in a registered civil partnership, transferring assets between partners could lead to significant tax planning and ISA allowance benefits. If there's an age gap, ensure long-term financial stability for the younger partner. In case of separation, untangle your finances and understand your new financial situation. You should always obtain professional financial advice in this regard.

PROPERTY ASSESSMENT

For homeowners, it's essential to understand how your property fits into your financial situation. Do you own multiple properties? Do you have a mortgage? If so, are you aware of your current interest rate, mortgage term and when you'll be in a position to pay off the mortgage? Could you rent out a property for additional income in the future? A long-term perspective on your property's financial implications is crucial for maintaining financial health.

YOUR FINANCIAL SHIELD

The unpredictability of life is inevitable. Imagine being unable to work. Could you still provide for yourself and your loved ones? Could you afford a comfortable lifestyle? It's crucial to revisit your protection policies, both personal and employer-provided. Are they current and valid? Is there a risk of being over-insured or under-insured? Maybe you've switched jobs and a previously available plan has ceased, requiring replacement. Having contingency plans is essential.

PLANNING FOR LEISURE YEARS

Everyone aspires to a comfortable lifestyle post-retirement, but not all know what they can afford. A thorough assessment of your existing assets can help sketch a potential post-retirement income. If you're still earning, save and invest a specific monthly amount towards your ideal retirement. If you are nearing retirement, try estimating the income from your pension, savings and investments post-retirement. This





might help adjust your current expenditure and bring you closer to your desired retirement lifestyle. Collaborating with us and using a cash flow planning tool will help you understand your potential post-retirement income.

LEAVING A LEGACY

With a secure financial plan catering to your future income and capital needs, you may find surplus funds you'd like distributed to loved ones and charities posthumously through your Will. Drafting or updating your Will isn't a melancholic task. It's a positive personal responsibility to comfort your loved ones post-departure, ensuring your estate is distributed as per your wishes. We strongly recommend seeking professional advice when drafting a Will to ensure it meets your needs.

SHARING YOUR WEALTH BY GIFTING

If your finances permit, consider gifting a portion of your wealth to family, friends or charities annually without incurring potential Inheritance Tax. If you're contemplating gifting, consider the allowances available and how best to utilise them for the benefit of your loved ones. Thoughtful planning of your support now, in the future and as a

legacy can make your giving more effective, potentially providing tax relief benefits for you and your estate.

MAINTAINING FUTURE FINANCIAL FITNESS

As you focus on the future, you'll always find room for financial improvement. Annual allowances often exist, making it beneficial to review your investments and finances yearly. Whether it's streamlining your pension plans, ensuring tax-efficient savings or considering suitable new investments, obtaining professional financial advice is essential. ◀

WILL YOU MAINTAIN YOUR FINANCIAL HEALTH THROUGHOUT YOUR LIFE?

Every individual is entitled to financial independence. Nevertheless, maintaining your financial health throughout your life is an ever-changing process. Achieving your short and long-term goals necessitates a deep understanding of your financial standing, enabling you to optimise your wealth and design an all-encompassing financial plan for the future. For further information, feel free to contact us. We're here to guide you on your journey towards financial independence.

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ASPIRING TOWARDS RETIREMENT

WHY MANY PEOPLE EXPERIENCE A MIXED BAG OF EMOTIONS ON THE SUBJECT

Retirement is often envisioned as a time to unwind and indulge in our passions after years of hard work. However, recent research indicates that many individuals feel apprehensive about retiring due to financial and emotional concerns^[1].

THE RISE OF 'RETIREMENT ANXIETY'

The escalating cost of living is putting a strain on income and savings, leading to a growing phenomenon we call 'retirement anxiety', particularly among those over 40. The latest findings show that nearly two-thirds (58%) of over-40s are nervous about retiring, with 20% being 'very anxious'. This represents a staggering 70% increase from our 2022 findings.

IMPACT OF ANXIETY ON RETIREMENT PLANS AND PERSONAL LIFE

The anxiety is so severe for 18% of adults that it causes them sleepless nights. More than one in ten (11%) state that anxiety negatively affects their personal life and relationships. Consequently, 13% of adults have postponed their retirement plans due to this anxiety, rising to almost two in ten (18%) for those over 55.

A CONCERNING TREND FOR THE UNPREPARED MAJORITY

Despite these anxieties, the research reveals that almost half (41%) have made no preparations for retirement. To help alleviate some of these worries, here are some tips:

ASSESSING YOUR CURRENT ASSETS

If you're among the 39% who fear not having enough money to last through retirement or the 33% who worry about affording desired activities, start by assessing what you already have. This will help you understand your

proximity to your dream retirement and identify any gaps you need to fill.

BOOSTING YOUR SAVINGS

Now that you know your current standing and potential needs, you can begin strategising how to bridge any savings gaps. With 43% of adults feeling they haven't saved enough for retirement and 27% regretting their late start, having a plan can help alleviate these concerns.

PRESERVING YOUR SAVINGS

In today's world, 29% of adults struggle to save for retirement while managing current living expenses. While the rising cost of living is pressuring many households, try to avoid dipping into your retirement savings early.

CONSOLIDATING YOUR PENSIONS

You might find it beneficial to consolidate multiple pensions into a single pot. This could decrease your annual fees and simplify management. However, ensuring you will retain valuable benefits in the process is crucial.

RETHINKING YOUR INCOME STRATEGY

With 39% of adults concerned about the rising cost of living affecting their retirement plans and 24% worried about the economy's impact on their pension and investments, it could be time to reconsider your income strategy in retirement.

EXPLORING WORK OPPORTUNITIES IN RETIREMENT

Retirement doesn't necessarily mean complete

withdrawal from the workforce. In fact, 14% fear losing their identity when they stop working. Whether you opt for a 'flexi-retirement', part-time work or starting a new business, the key is to do what makes you happy. ◀

NEED HELP MAKING INFORMED DECISIONS TO ENSURE A COMFORTABLE AND FULFILLING RETIREMENT?

Retirement is a significant milestone that often feels distant until it's right around the corner. But remember, we offer plenty of support to guide you through your retirement journey. If you need further information or assistance navigating your retirement planning, please get in touch with us.

Source data:

[1] abrdn plc - Don't let retirement anxiety push you off track - 22/09/23.

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THE FAMILY BANK

PLANNING TO AID THE NEXT GENERATION

According to new research, close to one in five (18%) of parents and grandparents have dipped into their own property wealth to assist their family members in climbing onto the property ladder^[1]. Often, they turn to the equity of their homes to gather the needed funds, either through equity release, downsizing or remortgaging.

This group, affectionately known as the 'Bank of Family', is increasingly leveraging their property wealth to aid their children's entry into the housing market.

USING PROPERTY WEALTH TO FACILITATE HOMEOWNERSHIP

A significant 42% of parents and grandparents over 55 have financially supported younger family members for home purchases. They've utilised a mix of their savings (68%), investments (22%) and even their pension (14%). However, some have also turned to their property wealth to lend a helping hand.

The nations over-55s hold more than £3.5 trillion in housing wealth^[2]. An increasing number of this demographic are unlocking this wealth to offer support. Almost one in five (18%) have used their home to raise the necessary funds for their loved ones' property purchases, whether through equity release, downsizing or re-mortgaging.

THE DEPTH OF GENERATIONAL SUPPORT

Parents and grandparents who gift often provide substantial sums, with the average

support amounting to £25,600. Beyond direct financial assistance, a third of parents and grandparents have allowed adult children to move back home while saving for a deposit, saving an estimated £24,900 in outgoings.

Equity release and other financial products that unlock property value require specialist advice. Surprisingly, 72% of parents and grandparents who offered support only sought professional advice after aiding their family members with a house purchase. Consequently, for many, this negatively impacted their financial situation (69%).

POTENTIAL FINANCIAL DIFFICULTIES LATER IN LIFE

While property is often a significant financial asset for many families, it's crucial to approach such support carefully. Research indicates that many parents and grandparents do not seek guidance or advice before parting with large sums of money. This is a significant decision and should be cautiously approached to avoid potential financial difficulties later in life.

Later-life lending products, like lifetime mortgages, may be suitable for some over-55s to help family members get on the

property ladder. However, these options should only be considered following a conversation with a professional adviser about all available support options. ◀

NEED ADVICE TO HELP MAKE THE BEST DECISIONS FOR YOUR FINANCIAL FUTURE?



If you require further information or need advice on making the best decisions for your financial future and that of your loved ones, take the first step today towards making an informed decision. Contact us for expert advice tailored to your unique circumstances.

Source data:

[1] Unless otherwise specified, all figures drawn from Legal & General's 2023 Bank of Family Research 2 October 2023.

[2] Office for National Statistics, Household net property wealth by household representative person (HRP) age band: Great Britain, April 2016 to March 2020.

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MIND THE RETIREMENT GAP

CRISIS LOOMING OVER TODAY'S YOUTH

Today's twenty-somethings are on the precipice of a retirement crisis. According to new research, if they don't adjust their savings habits, they could face an income shortfall of over £25k annually during their golden years^[1]. This warning applies to young adults in the UK, aged 22 to 32, who are currently not saving enough for their retirement. The findings reveal that a significant proportion of this demographic could be staring down the barrel of a retirement savings gap.

Surprisingly, nearly one in five young people with a workplace pension (18%) need to know more about their monthly contributions. On a more optimistic note, by increasing their savings by just £30 each month, these 22 to 32-year-olds could boost their eventual pension pot by £100,000. However, if they continue their current savings pattern, they'll likely face a substantial income shortfall of more than £25,000 annually during retirement, as per the new analysis.

THIS LEAVES A GAPING SHORTFALL

This group, comprising Zoomers and young Millennials, is projected to amass an average of £800,899 (equivalent to £242,822 in today's money) in their retirement fund by the time they reach State Pension age, assuming current savings rates persist. This translates into an annual retirement income of around £52,699.

While this might sound substantial now, fast forward to the 2060s, and it will be equivalent

to just £15,978. This leaves a gaping shortfall of £26,350 a year, which retirees will need to supplement from other sources of income.

SUCCESS AND SHORTCOMINGS OF AUTO-ENROLMENT

Auto-enrolment has been a game-changer in getting young people to save for retirement. The 22 to 32-year-old cohort marks the first decade of workers reaping the full benefits of auto-enrolment. In this scheme, employees are automatically enrolled into a pension plan, with employees and employers contributing monthly.

However, while the scheme has successfully kick-started early savings habits, there's a growing consensus that minimum contributions must be increased to ensure adequate retirement funds. Currently, the minimum auto-enrolment contribution to an employee's pension savings is 8% of qualifying earnings, with employers paying at least 3% and

employees paying 5%. However, the Living Pension^[2] savings target estimates that 12% of a worker's annual salary should be put aside to meet people's retirement needs adequately.

BOOSTING PENSION AWARENESS AMONG YOUTH

Young people's awareness about their workplace pensions could be much higher. The research shows that 18% of young people with a workplace pension are in the dark about their monthly contributions, and a third (34%) have never checked how much they pay.

Moreover, 37% confess they need help understanding how their pension works. This lack of engagement is largely due to other priorities, such as buying a home, which takes precedence over retirement planning for over two-fifths (43%) of young people.

HARNESSING THE POWER OF COMPOUND INTEREST

The study revealed that young people miss crucial opportunities to boost their retirement savings. An extra £30 put away each month from the age of 27 could add £100,000 to their retirement pot by the time they reach State Pension age.

However, three out of five 22 to 32-year-olds need to become more familiar with the concept of 'compound interest', which allows savers to



earn interest on their previous years' interest, leading to substantial growth over time.

THE URGENT NEED FOR ACTION

While it can be challenging for young workers to set aside more money for retirement, especially when incomes are stretched thin, it's essential to consider the long-term implications. Auto-enrolment has been instrumental in encouraging more people to start saving, but the retirement shortfall remains a looming concern.

More young people must understand their workplace pension and the power of compound interest. Minor adjustments now could significantly improve your quality of life in retirement. ◀

NEED FURTHER INFORMATION OR GUIDANCE ON PLANNING YOUR RETIREMENT SAVINGS?

Please get in touch with us if you need further information or guidance on planning your retirement savings or that of a child or grandchild. Take charge of your future today, and to discuss your options, please contact us for more information.

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Source data:

[1] Analysis based on the following research and assumptions: Opinium Research conducted 2,000 online interviews of people aged 22-32 between the 15-29 August 2023 - CPI = 3% - Salary premium = 1% - Salary increase = 4% - Median male salary at age 27 = 35,000 - Median female salary at age 27 = 25,000 - Start saving into a workplace pension at age 22, retiring at age 68 - Investment return on pension pot, assuming

broad 60/40 asset split, (6.9% p.a.) - Qualifying earnings - Currently (£6,240 to £50,270), Historical years (actual LEL and UEL), Future years (increased annually by CPI assumption) - Income based on current Legal & General annuity. [2] Living Pension recommends 12% of a full-time salary, calculated by the Living Wage Foundation.

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FINANCIAL PLANNING

A PERSONAL JOURNEY TAILORED TO YOUR UNIQUE FINANCIAL SITUATION AND ASPIRATIONS

Financial planning isn't a one-size-fits-all process. It is a personal journey tailored to your unique financial situation and aspirations. Without considering your complete financial status and goals, the effectiveness of specific planning elements can be compromised. Here are some main areas to consider when developing a robust financial plan.

SETTING YOUR FINANCIAL GOALS

Consider your life plans for the next five, ten and twenty years. Are you on track to achieve these? Depending on your life stage, your goals might differ. Short-term focuses include buying a house, paying university fees or making significant purchases. Medium-term goals can involve tax-efficient investments, retirement planning and more significant spending events. Long-term objectives might include tax-efficient retirement income, estate planning reviews and identifying Inheritance Tax issues.

KEEPING TRACK OF YOUR CASH FLOW

Understanding your cash flow is crucial. It provides a clear view of your current assets and future requirements. Incorporating cash flow analysis into your financial planning gives an accurate position of your short, medium and long-term goals. This monitoring keeps you on track with financial returns, inflation, planned changes and any unexpected occurrences. It also allows for the creation of 'what-if' scenarios, empowering you to make informed decisions about your finances.

PREPARING FOR UNEXPECTED SITUATIONS

Life can throw curveballs – illness, unexpected death of a partner, financial emergencies or job loss. Preparing for these potential situations can provide security during challenging times.

Ensuring that your household has financial resilience in case of such events is essential.

CREATING A DEBT REPAYMENT PLAN

Debt comes in various forms, with mortgages being the most common. A plan to pay off debt is vital for long-term security, whether being mortgage-free or focusing on early retirement and reduced expenditure. As interest rates rise, reducing any debt over a shorter term than previously planned could be financially sensible.

EVALUATING AND MANAGING RISK

Risk can take many forms. It could be family risk should illness strike, job changes or investment risks. Do your investments align with your risk appetite? Are you aware of how market volatility can affect your investments? With many factors increasing risk, such as the COVID-19 pandemic, global lockdowns, supply-chain disruption, the war in Ukraine, high inflation rates and rapid interest rate rises, ongoing risk assessment and management are vital to keep your long-term financial plan on track.

MAKING INFORMED INVESTMENT DECISIONS

Your investment strategy is critical to any financial plan. A bespoke investment strategy considers your personal outlook and goals, balancing the risks you're willing to take with the return needed to meet your objectives. It also considers your

tax position and maximises your tax allowances. Diversification is key – ensuring you're not overly reliant on one type of investment reduces the overall risk of losing money.

EFFECTIVE TAX PLANNING

Your financial plan should consider your current tax position, tax-efficient investments and savings. It should also plan around your estate to ensure your legacy is passed on as you wish. With many tax bands frozen until 2028, including the Inheritance Tax threshold band, financial planning must effectively cover trusts, planned gifting and investments that hold assets outside the estate. ◀

NEED FURTHER ASSISTANCE OR INFORMATION FOR YOUR UNIQUE FINANCIAL SITUATION AND ASPIRATIONS?

Remember that financial planning is personal, and the right approach can make all the difference. Should you require further assistance or information, feel free to contact us. We're here to help you navigate your financial journey with confidence.

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POSITIVE IMPACT ON FINANCIAL WELLBEING

IMPROVING YOUR OVERALL LIFE SATISFACTION AND HAPPINESS

Financial stress is one of the most significant sources of anxiety and discomfort in the modern world. It's not just about having enough money to meet our needs; it's also about managing that money effectively and making informed decisions.

This is where the concept of financial fitness comes in. Like physical fitness, financial fitness is not a destination but a journey, a continuous process that requires discipline, knowledge and an understanding of your financial goals.

PROFOUND IMPACT ON OUR MENTAL AND EMOTIONAL STATE

Getting your finances in shape could be a crucial stepping-stone toward better overall wellbeing. Financial health can have a profound impact on our mental and emotional state.

Given the established correlation between finances and wellbeing, enhancing your financial wellbeing could potentially improve your overall life satisfaction and happiness^[1]. Receiving professional financial advice can assist in various aspects of your financial life, but four elements mainly define personal financial wellbeing.

TAKING CONTROL

The initial step towards financial wellbeing is gaining control over your finances. This involves understanding your income and expenses and solid budgeting and savings plans. A financial adviser can help you scrutinise your bank statements, enabling you to comprehend your monthly expenditure better and identify potential areas for cutting costs and increasing savings. They can also provide advice on managing any existing debts. Gaining control of your daily finances can enhance your overall financial security.

PREPARING FOR FINANCIAL EMERGENCIES

The second component of financial wellbeing relates to future financial security. Regular savings are essential, but are you prepared for a financial emergency? If you still need to set up an emergency fund, now is the time to do so. Having approximately six months' worth of necessary expenses in an easily accessible savings account may cover unforeseen home repairs or a period of unemployment.

There are other financial emergencies that savings alone may not cover. Severe illness or death can significantly impact your household finances and jeopardise your family's future plans. Protection products such as life insurance, critical illness and income protection can provide crucial financial support for your loved ones in case of unfortunate events. Given the vast differences in protection products, seeking professional financial advice tailored to your needs is essential.

MEETING YOUR FINANCIAL GOALS

A high sense of financial wellbeing is often associated with being on track to achieve your goals. Whether saving for your children's education, a comfortable retirement or leaving a legacy for future generations, receiving professional financial advice can help assess if you're on the right track and suggest ways to bridge any gaps. Advice can also guide you to save and invest tax-efficiently, for instance, through Individual Savings Accounts (ISAs) and pensions, ensuring more of your money contributes towards your future.

FLEXIBILITY FOR LIFE'S CHOICES

The final aspect of financial wellbeing is having the flexibility to make choices that allow you to enjoy life fully. Receiving professional financial advice can help you envisage your future and project how long your money might last and assist you in 'rehearsing your future' by examining and stress-testing the consequences of your current decisions. Understanding the impact of your choices provides clarity and confidence about your finances, both now and in the future. ◀

WANT TO ENJOY THE PRESENT, KNOWING YOU'RE MAKING SOUND FINANCIAL DECISIONS?

Dealing with financial worries alone can be challenging. We can help devise a financial roadmap outlining your current situation, future aspirations and the path to achieving them. Enjoy the present, knowing you're making sound financial decisions. If you require further assistance or have any questions, please don't hesitate to get in touch. Your peace of mind is our priority.

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Source data:

[1] <http://www.consumerfinance.gov/about-us/blog/4-elements-define-personal-financial-well-being/>

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NAVIGATING MULTIPLE PENSIONS

SIMPLIFYING FINANCIAL MANAGEMENT, LOWERING CHARGES AND INCREASING FUTURE FUNDS

You may have worked with several employers throughout your career, accumulating multiple pension plans. This can also apply if you've been self-employed or a contractor, resulting in personal pensions.

While multiple pensions can be administratively challenging to manage, they could also be financially draining due to high fees or subpar investment performance. What is a potential solution? Pension consolidation.

This strategy can simplify financial management, lower charges and increase future funds. However, it has potential pitfalls, so seeking professional financial advice is crucial. Let's delve into pension consolidation and what needs to be considered.

THE UPSIDE OF PENSION CONSOLIDATION

Managing multiple pensions can be a daunting task. Imagine tracking the investment performance, charges and annual statements for five different pensions. This can be overwhelming and time-consuming for many. Therefore, transferring pensions to a single provider can significantly simplify your financial administration.

Moreover, you're likely paying administrative fees for each pension. This might not be the most cost-effective approach, especially when dealing with providers who have outdated and uncompetitive charging structures. These fees can affect your investment returns, eventually reducing your retirement funds. By consolidating your pensions, you could save on these charges.

However, pay attention to the performance of each pension fund while focusing on fees. Some of your pensions might be underperforming, and shifting to a different scheme could offer better growth potential.

Assessing charges and performance is more complicated, so we're here to help. We can thoroughly evaluate your pensions and guide you on the best course of action.

POTENTIAL PITFALLS OF PENSION CONSOLIDATION

Consolidating your pensions may have downsides if it means giving up valuable benefits and guarantees. Here are some key features you should consider. One of the most significant risks associated with pension consolidation is the potential loss of defined benefits. These benefits often come with older pension schemes, including guaranteed annuity rates and spouse or dependents' pensions. Consolidating pensions could mean giving up these benefits, potentially resulting in lower income during retirement.

Before consolidating, checking whether your existing pensions carry exit fees is crucial. These charges can sometimes outweigh the benefits of consolidating, particularly if they are substantial.

Additionally, while having all your pensions in one place might make them easier to manage, it could also lead to a need for more diversification. If all your pension savings are invested in the same funds, you could put your retirement savings at a higher risk.

SECURING A MORE COMFORTABLE FUTURE FOR YOU AND YOUR FAMILY

The funds you've accumulated over the years could be substantial, and a simple decision could jeopardise your future financial security. Conversely, making the right

decision could secure a more comfortable future for you and your family. We're here to guide you, ensuring you make informed decisions with your money. ◀

DO YOU REQUIRE FURTHER INFORMATION OR WISH TO DISCUSS YOUR OPTIONS?

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Recognising these benefits and guarantees can be challenging, so having your pension plans reviewed by a professional financial adviser is crucial. The decision to consolidate your pensions should not be taken lightly. Please don't hesitate to contact us if you require further information or wish to discuss your options. Your financial future is our priority.

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THE REALITY OF RETIREMENT

ARE YOU SURE YOUR TARGET RETIREMENT AGE ALIGNS WITH YOUR FINANCIAL STATUS?

In today's fast-paced world, the concept of retirement often takes a back seat. For many, it remains a distant reality, mired by uncertainties and apprehensions. However, planning for retirement is an essential aspect of financial planning, which warrants attention from an early age.

Retirement is a phase many of us eagerly anticipate, dreaming of the day when we can step away from the grind and immerse ourselves in activities that bring us joy. Yet, the reality of retiring often hinges on financial preparedness.

Let's delve into four critical considerations to help you evaluate your readiness for retirement.

ENVISIONING YOUR IDEAL RETIREMENT

The first crucial step towards planning for retirement is identifying what you want your post-retirement life to look like. Remember, there's no universal blueprint for retirement – everyone's aspirations differ.

Some might fancy the idea of relocating abroad, embarking on globetrotting adventures or pursuing new hobbies. Others might prefer spending more time with their loved ones. A growing trend is the 'phased' or gradual transition to retirement, which involves reducing work hours or shifting to part-time roles or consultancy.

THE COST OF RETIRING

Once you have a clear vision of your retirement lifestyle, it's time to estimate the associated costs. Broadly, your expenses will fall into two categories: essentials and non-essentials.

Essentials encompass mortgage payments, rent, utility bills, insurance, groceries and gifts for occasions like birthdays and Christmas. Non-essential expenses revolve around entertainment, leisure activities and holidays – the extras that add zest to life.

Financial advice can assist you in calculating these expenses and estimating the retirement income required to cover them. We can also help you understand how your income needs may fluctuate over time, starting high during the early retirement years, gradually decreasing and possibly increasing again later due to care-related costs.

DETERMINING YOUR PENSION SIZE

Once you have a clear understanding of your post-retirement income requirements, the next step is to calculate the size of the pension that can generate that income. This involves considering factors like life expectancy, investment growth, tax and inflation.

We can help you with these calculations and demonstrate the impact of various scenarios or choices, such as adjusting your retirement income, weighing the advantages and pitfalls of taking your tax-free cash lump sum or changing your retirement age.

EVALUATING YOUR CURRENT SAVINGS

Finally, compare your retirement needs with your current savings. If your savings are on track to meet your goals, it's time to strategise how to access your money during retirement. If there's a shortfall in your savings, don't panic. There are several strategies to boost your pension. You could consider increasing your pension contributions, extending your working years or leveraging other savings and investments.

Combining additional pension contributions, tax relief and investment growth can bolster your pension pot significantly. Additionally,

don't overlook other sources of retirement income, such as Individual Savings Accounts (ISAs) and the State Pension. We can provide a comprehensive view of your assets and potential income sources, helping you make informed decisions. ◀

GETTING READY FOR RETIREMENT

Retirement readiness involves grappling with complex questions and making critical financial decisions. Seeking professional advice can be invaluable in this journey. By understanding your aspirations and financial status, we can guide you towards realistic retirement goals and suggest ways to augment your savings if needed.

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TAKING THE FIRST STEP

INTRODUCTION TO INVESTING FOR BEGINNERS

Embarking on the journey of investing can seem intimidating initially, but with a long-term perspective, it can significantly accelerate the achievement of your financial goals.

It's normal to feel a mix of excitement and apprehension as a first-time investor. There's a lot to navigate – stocks, bonds, mutual funds, market trends and a sea of unfamiliar jargon. Remember, every successful investor started right where you are now.

The stock market is known for its fluctuations, with dips and rises being part and parcel of the game. However, history evidences that shares often outperform cash over extended periods and stay ahead of inflation.

Here are five essential tips to help you take the first step and beyond.

1. AIM HIGH, AIM RIGHT

The first step of your investment journey involves setting concrete goals. A relatively long-term target helps your investments weather market volatility. Your goal could be anything from saving for retirement to securing your children's future.

During temporary market downturns, keeping your eyes on the prize reduces the likelihood of selling out and incurring losses.

2. CONSISTENT INVESTMENTS: THE KEY TO STABILITY

Contrary to popular belief, you don't need a mountain of money to begin investing. Regularly investing manageable amounts each month or gradually investing a lump sum can prove beneficial, especially during times of economic uncertainty and stock market turmoil.

Your money purchases more shares when the market is down and fewer when it's up. This strategy averages out your investment

cost and may contribute to smoother portfolio performance over time.

3. MAXIMISE YOUR TAX ALLOWANCES

Remember your Individual Savings Account (ISA) allowance, which resets annually on 6 April. For the current 2023/24 tax year, this is £20,000. An ISA allows your investments to grow tax-efficiently, enabling more of your money to contribute towards your future.

4. EMOTIONAL INTELLIGENCE IN INVESTING

Allowing emotions to guide your investment decisions is not a wise strategy. It's natural to feel nervous when the stock market dips, especially for novice investors. However, maintaining your composure and staying in the market once you've entered can be crucial.

5. THE ART OF DIVERSIFICATION

A well-rounded investment portfolio will typically include a mix of equities, bonds and cash. Diversification is beneficial, as different assets react differently under varying market conditions. This can help balance returns and lessen the impact of a specific asset's value decline.

For beginners, diversification can be a challenging task. That's where expert professional financial advice is crucial. We can help you distribute your money across various investments tailored to your unique needs and risk tolerance. We can also ensure you're making the most of your tax allowances and reliefs, giving you confidence that your money is working as hard as it should. ◀

READY TO NAVIGATE THE WORLD OF INVESTING?

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If you require further information or have any questions, don't hesitate to get in touch. We will demystify the complex concepts, simplify the terminology and provide practical steps to getting started. Together, we can navigate the world of investing. Contact us to discuss your future goals.

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INFLATION AND YOUR RETIREMENT INCOME

SEVERAL STRATEGIES TO LESSEN ITS IMPACT ON RETIREES

The recent surge in inflation could be a source of worry if you're a retiree relying on your pension for income. It's natural to question the resilience of your retirement income plan in the face of escalating prices and how this might influence your lifestyle and long-term aspirations.

Mitigating the effects of inflation is crucial for all savers and investors, but it's even more so for retirees.

UNDERSTANDING INFLATION'S IMPACT

As a retiree, you may have a savings pool to sustain your current lifestyle and provide a financial legacy for future generations. But if climbing prices necessitate withdrawing more income than anticipated, your savings could be stretched thin. In the worst-case scenario, your savings could run out prematurely, requiring sacrifices to prevent financial depletion.

This might seem daunting, but now's not the time for avoidance. Receiving professional financial advice and utilising cash flow modelling will provide a transparent view of how inflation may affect your savings and cash flow. With this knowledge, we can help you evaluate whether you need to modify your financial plans.

MAINTAINING A DIVERSIFIED PORTFOLIO

The prospect of further price increases might encourage you to hoard more cash for daily expenses. While having a cash safety net for emergencies or income gaps is vital, holding excess cash may not be prudent in a high-inflation environment. Despite a rise in some deposit account interest rates, they remain significantly lower than inflation rates. Hence, leaving surplus cash in a savings account could exacerbate the struggle with rising costs.

A diversified portfolio, investing across various asset classes such as stocks and bonds, is an effective way to insulate your pension from inflation's harm. Your allocation to each asset class should reflect your individual needs

and risk tolerance, which we can assist with. We'll also ensure your portfolio's resilience for long-term performance, regardless of broader economic trends.

EVALUATING YOUR INCOME STRATEGY

A thoughtful income strategy is another way to lessen inflation's impact during retirement. This involves determining the income needed for your current needs and adjusting this over time as your circumstances evolve. It also includes knowing when and from which investments to generate income; this minimises the risk of realising losses or selling quality investments at unfavourable times.

We can help you understand which asset classes and sectors have the potential to grow in various economic conditions. Structuring your income could also boost tax savings, ensuring more of your money supports your lifestyle and goals. This is particularly crucial if rising costs increase your income and bump you into a higher tax bracket.

TAKING THE NEXT STEP

Inflation's effect on your retirement income may cause anxiety, but there are strategies

to keep your plans on track. However, these steps can be intricate, making professional advice invaluable. We can help you comprehend what rising prices mean for you, where to invest in a high inflation environment and how to withdraw income sustainably and tax-efficiently. You can then focus on enjoying life today, confident that you have a robust plan in place. ◀

NEED HELP WITH THE UNCERTAIN TERRAIN OF INFLATION AND RETIREMENT PLANNING?

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If you require further information or assistance, don't hesitate to get in touch. Let us guide you through the uncertain terrain of inflation and retirement planning. For a conversation about tailor-made options that suit your requirements, don't hesitate to contact us to learn more.

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THE GENDER DIVIDE

REFLECTING ON 75 YEARS OF STATE PENSIONS

In the 75 years since the inception of the State Pension, we've witnessed dramatic shifts in the workplace and significant strides towards gender equality. Yet, a stark reality remains: women are more likely than men to depend solely on the State Pension for their retirement income.

The State Pension currently stands at £886 per month, granted to those eligible for the full amount under the contemporary rules. Eligibility hinges on having either paid or been credited with 35 years of National Insurance.

New research reveals that nearly half (49%) of women are unaware of this stipulation, compared to 40% of men^[1]. This disparity is especially concerning in light of the fact that almost two million women (29%) anticipate relying solely on the State Pension in retirement versus only 13% of men.

FORECASTING THE FUTURE: STATE PENSION AGE AND FORECAST

Interestingly, fewer women have checked their State Pension age (53% vs 58% of men) or accessed a copy of their State Pension forecast (45% vs 50% of men). The latter is crucial as it outlines the accumulated State Pension and forecasts the potential amount upon reaching the State Pension age. However, women who have reviewed their State Pension forecast found it easier to comprehend (55% vs 52% of men).

FINANCIAL EXPECTATIONS IN RETIREMENT

When it comes to estimating monthly living costs in retirement, women expect to need less (£1,153.70) than men (£1,279.20), a difference of over £1,500 annually. This difference in financial expectations extends to plans of working until the State Pension age, with 50% of men intending to do so, compared to 42% of women.

PRE-RETIREMENT FUNDING: BOTH GENDERS

For those planning to retire before reaching State Pension age, several differences emerge in their funding strategies. While similar proportions of both genders aim to fund their pre-retirement living costs through workplace pensions, cash savings or personal pensions, more men (28%) plan to utilise investment funds than women (17%). Meanwhile, 25% of women intend to access their partner's pension or savings during this period, versus 15% of men.

THE STATE PENSION: A LIFELINE FOR MANY

The State Pension remains a cornerstone of retirement income for many, and for nearly one

in three women, it's the only source of income. Surviving on £886 a month is challenging, particularly amidst the current cost of living crisis. The gap between women's estimated retirement living costs and their projected State Pension is concerning. Even after fulfilling all National Insurance contributions, women still anticipate needing an extra £250 per month beyond their State Pension.

Retirement should be a time of enjoyment and fulfilment, not financial hardship. With the current cost of living crisis squeezing many household budgets, depending solely on the State Pension could lead to challenging decisions about spending for many years. ◀

READY TO DISCUSS YOUR RETIREMENT GOALS?

Your future shouldn't be left to chance. If you'd like to learn more or need further information, please don't hesitate to contact us.



Source data:

[1] Royal London commissioned a survey by Opinium between 23-30 June 2023, with a sample of 4,000 UK Nat rep consumers. Weighted calculation: 29% of UK based adult population figure of 53,188,000 = 1,874,877.

IMMEDIATE GAINS, LONG-TERM LOSSES

THE HIGH PRICE OF HALTING PENSION CONTRIBUTIONS

In times of financial stress or uncertainty, it may be tempting to hit pause on your pension contributions. However, before you do so, it's essential to understand the long-term implications this decision may have on your retirement savings plan.

Decisions to increase short-term income

can dramatically affect future wealth. It may seem like a viable solution to current financial struggles to reduce or stop pension contributions. However, this short-term increase in take-home pay can significantly impact long-term pension values. Higher earners stand to lose almost four times as much.

TAX RELIEF ADVANTAGE

Pension contributions attract tax relief. Research^[1] shows that a worker earning £35,000 annually and saving 5% in a workplace pension scheme matched by their employer could increase their take-home pay by £117 monthly, or £1,404 yearly, if they stopped paying into their pension^[2]. But they would lose £341 monthly, or £4,092 yearly, in pension savings due to lost matched contributions and tax relief.

MAGIC OF COMPOUNDING

Pension wealth hugely benefits from compounding – the longer money is invested, the more it could grow. In 20 years, the £4,092 could have boosted the pension pot by £10,575 through investment growth if contributions hadn't been paused.

IMPACT ON HIGHER EARNERS

For higher rate taxpayers earning £70,000, the difference is even more significant. They could increase their take-home pay by £3,360 yearly by stopping 8% matched pension contributions. However, their pension pot would be worse off by £12,192 in that period. Their pension savings would also be worse off by a projected £31,508^[3] in 20 years if they had not taken a one-year pause.

THE TOLL ON PERSONAL FINANCES

The research involving over 6,000 UK adults shows that the past two years have strained people's finances. A third (33%) of workers across all age groups confessed to decreasing or stopping their pension contributions. Among younger workers, the figures are even more alarming – nearly half (49%) of workers aged 18-34 are looking at the impact of adjusting their pension contributions.

COST OF OPTING OUT

Exiting your savings scheme means forgoing the benefits of saving through a workplace pension. Initially, you'll miss out on your employer's contribution. Any breaks in savings could also delay your retirement or mean you'll have less income when you stop working. Catching up on any breaks will mean saving even more when you resume to achieve your desired lifestyle in retirement.

WEIGHING UP THE DECISION

While the number of people opting out of schemes remains relatively low, it's clear that many have considered the option in a bid to boost their take-home pay. However, the decision to pause pension contributions must be weighed carefully, especially for those at the start of their career.

SHORT-TERM GAIN, LONG-TERM LOSS PARADOX

Stopping or reducing contributions might be necessary for some, but decisions mustn't be taken impulsively. Figures from the research show that the money gained in the short term doesn't seem like great value when compared to what's being given up in the long term. ◀

IT'S ESSENTIAL TO FULLY UNDERSTAND THESE IMPLICATIONS BEFORE MAKING A DECISION



While pausing pension contributions may seem like a quick fix in the short term, it could have substantial long-term costs. It's essential to fully understand these implications before making a decision that could affect your financial security in retirement. For further information or guidance, please get in touch with us. Your financial future is too important to leave to chance.

Source data:

[1] Royal London commissioned a survey by Opinium between 1-8 August 2023, with a sample of 6,003 nationally representative UK adults.

[2] £1,404 per annum saving for a worker aged 40 earning £35,000 and previously contributing 5% of their salary to their pension.

[3] 20-year projection, based on a 5% investment growth net of charges.

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FIXED-INCOME INVESTMENTS

PROVIDING SIGNIFICANT VALUE IN A DIVERSIFIED INVESTMENT PORTFOLIO

Fixed-income investments, often called bonds, offer a unique blend of benefits that can provide significant value in a diversified investment portfolio. They strike a balance between shares and cash regarding risk and return, offering a steady income stream. These are long-term investments sensitive to inflation and interest rates, with the possibility of capital loss.

Bonds are debts of various entities, from corporations to governments. They promise a fixed annual income, or coupon, and return the original capital at the end of a specific term. This asset class is particularly attractive to investors willing to take on a bit of risk for returns higher than cash.

RISK, RETURN AND YIELD IN BOND INVESTMENTS

The income potential of bonds is highly dependent on the issuer's risk profile. Riskier entities, be they companies or countries, offer a higher coupon to entice investors. Meanwhile, low-risk issuers can afford to issue lower-yielding debt in line with general inflation or interest rate expectations, reflecting a minimal risk of default.

A bond's 'yield', the ratio of its annual income to its price, is a crucial measurement for investors. For example, a bond priced at 100p with a yearly income 6p yields 6%. It's important not to confuse this yield with the interest rates on cash, as a bond's value can decrease, and its capital and income are not guaranteed.

BALANCING RISK AND RETURN WITH FIXED-INCOME INVESTMENTS

Although most fixed-income investments carry less risk than equities, they offer a lower potential upside and typically do not provide a growing income. However, their lower volatility and consistent income make them an attractive option for balancing an income portfolio. Some extremely cautious investors may even opt for a higher allocation to bonds than equities. It's worth noting that bonds and equities don't usually move in sync over long periods, though they can over shorter periods.

EXPLORING INDIVIDUAL BONDS

Investing in individual bonds is an option for investors, with most promising to repay the invested money at a specific 'maturity' date. Meanwhile, investors receive a periodic 'coupon' or interest payment. However, investing in individual bonds carries risks – if the bond issuer faces financial difficulties, it may 'default' on

income payments and/or capital repayment. The value of the coupon depends on the bond issuer, making it risky to invest a substantial amount of money in an individual bond.

Government bonds (like UK gilts) usually offer low-interest levels as they are considered to have low 'credit risk'. However, these are susceptible to inflation and interest rate changes, and their capital value can fluctuate. On the other hand, corporate bonds offer higher coupons, especially those from riskier businesses, reflecting the firm's creditworthiness.

UNDERSTANDING BONDS' FINITE LIFE

Bonds typically have a finite life, meaning they are usually paid back at their issuance value, although exceptions like 'perpetual' debt exist. Throughout their life, individual bonds can be bought and sold like any other investment, and their value can change, which means you might get back less than you invest.

Notably, in the event of bankruptcy, bondholders, as creditors, could receive a proportion of the remaining assets after the company is liquidated. This is a crucial distinction between shares and bonds. In a liquidation scenario, shareholders will likely be last in line to receive any money and could receive nothing.



THE CONVENIENCE OF BOND FUNDS

Instead of buying individual bonds or gilts, investors can opt for a convenient package of these investments through a 'fund'. Investing in this manner allows you to spread risk while targeting the asset class generally or a specific segment.

When investing in a fund, such as a 'unit trust' or 'Open-Ended Investment Company' (OEIC), you buy units alongside other investors and collectively invest in a portfolio of assets. Each unit has an individual price called the Net Asset Value (NAV), which is determined by the price of those assets.

ADVANTAGES OF FIXED-INCOME ETFs

Exchange-traded funds (ETFs) allow you to join a collective portfolio of investments, including bonds, gilts and other fixed interest areas. The main difference is that ETFs can be traded in real-time on a stock exchange, whereas other funds are traded only once daily. They are typically passive

investments with low charges, but it's important to note that costs are associated with dealing in shares.

HIGHER YIELD OPTIONS AND THEIR RISKS

Investors are often drawn to investments that yield a high level of income. However, a high yield can also be a red flag, indicating a greater chance of default and capital loss. There are funds designed to produce high-income levels while aiming to control these risks through diversification. High-yield bond funds can bring something different to a portfolio. ◀

READY TO TAKE YOUR NEXT STEP WITH INVESTING?

We can assist if you're looking for investments to complement your portfolio. Don't hesitate to contact us for further information or to discuss investment opportunities.

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WEATHERING THE INFLATION STORM

IS IT TIME TO DIVERSIFY YOUR PORTFOLIO?

The mantra 'Cash is king' has echoed through the investment world for years. Cash forms the backbone of our society – it pays for our purchases, settles our debts and serves as a liquid asset in tough times.

As long as money spins the globe, many will uphold cash as the reigning monarch. However, this crown has been slipping off lately. This raises a question – is it wise to lock into a rate that incurs losses in real terms merely to avoid the short-term volatility of financial markets?

THE VALUE OF CASH DIMINISHES

The circumstances for each saver are unique. But the argument for holding cash over investments, especially over the longer term, simply because savings rates are on the rise, is flawed. In the face of still high inflation, the value of cash diminishes, while investments can potentially offer higher returns. Therefore, evaluating whether holding on to cash is the best strategy, especially in the long run, is essential.

With inflation showing only muted signs of letting up, the real worth of your wealth held in cash may continue to be chipped away. The dilemma then lies in figuring out what proportion of cash should remain in the bank, exposed to inflation, and what portion should be invested.

INCOME SECURITY AND LIVING COSTS

Deciding on the amount of cash to retain in the bank and the amount to invest with the aim of outpacing inflation is a complex and highly individual decision. What works for one person might be entirely unsuitable for another, hence the importance of receiving professional advice.

If you depend on employment income to cover living expenses, it may be prudent to maintain a larger cash buffer in case of job

loss. Conversely, those with a guaranteed income, such as a final salary pension, might benefit from investing more and banking less. Your living costs also play a role. Those with higher expenses might prefer to have more saved on deposit for emergencies, especially given the rising cost of living.

LIFE STAGE AND SHORT-TERM EXPENDITURE

Your life stage may also influence your decision. For example, individuals with dependents and a mortgage might prefer to have more banked on deposit for unexpected events than those with fewer responsibilities. Any planned capital expenditure in the next three years (like property purchases or gifting adult children) should be reserved in cash.

COMFORT LEVELS WITH RISK

Regardless of wealth level, some people may find comfort in having a sum of cash in the bank. But it's worth considering whether keeping excess money in the bank, thus subjecting it to inflation, can be a higher-risk strategy than investing in a diversified

portfolio. This is because when inflation outstrips interest rates, the value of cash diminishes, while the value of an investment portfolio has the potential to increase over time. ◀

READY TO DISCUSS YOUR OPTIONS?

There's no one-size-fits-all answer to the question of how much money is too much to keep in the bank. The appropriate amount varies greatly depending on numerous factors. To discuss your options or to find out more, please get in touch with us.

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.

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.

