Fidelius
Wealth Management

JANUARY/FEBRUARY 2018

ISA returns of the year

Taking control over where your money is invested tax-efficiently

Reach your financial goals
Helping you realise your retirement vision

Sleepwalking into retirement
Lack of pension knowledge among UK adults

Making solid financial resolutions
Grow your money, and live the life you want

Do you have a financial back-up plan this year?
Be prepared if life throws something unexpected your way

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COULD YOUR MONEY WORK HARDER?

We focus on achieving and maintaining a thorough understanding of your financial needs and aspirations.

We believe passionately that the best service is provided through personal, face-to-face advice. Our range of services is extensive, supported by a distinctive approach to investment management, enabling you to create financial plans that can adapt to your changing needs and circumstances.

CONTACT US TO DISCUSS YOUR REQUIREMENTS.

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INSIDE THIS ISSUE

Welcome to our first edition of 2018. The New Year is the perfect time to overhaul your life for the better, and one excellent place to start is by making solid financial resolutions that can help get you closer to your money goals, whether it's increasing your retirement provision, looking to mitigate a potential Inheritance Tax bill or reviewing your level of protection in the event of an unexpected event.

We've now entered a new age of retirement planning with the introduction of pension freedoms. Thinking about pensions sooner rather than later can mean the difference between a comfortable retirement and struggling to make ends meet. On page 06, we provide seven pension tips for nurturing your nest egg in 2018.

A new tax year is nearly upon us – and that means, for all diligent savers and investors, it's important to make sure that you take full advantage of your current Individual Savings Account (ISA) tax-efficient allowance. And the good news is you don't even have to declare any investments held in ISAs on your tax return. This may not seem like much, but if you have to file an annual tax return, you'll know that any way of simplifying your financial administration can be very helpful. Read the full article on page 10.

Regardless of the life stage you have arrived at, it is important to receive expert and professional advice on your pension plans and requirements. However, the UK's middle-aged workers could be sleepwalking into retirement poverty. Four in ten people aged between 40 and 65 cannot accurately estimate their total pension savings for retirement. On page 08, we look at the reasons why.

Writing a Will may seem daunting – and with everything else we should be thinking about, it becomes just another chore on the New Year to-do list. But writing a Will is fundamental to the financial planning process. It answers one of our most basic desires – to make financial provision for all those that we hold dear. Turn to page 07.

The full list of the articles featured in this issue appears on page 03 and opposite. To discuss any of the articles featured, please contact us.

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Making solid financial resolutions

Grow your money and live the life you want

THE NEW YEAR IS THE PERFECT TIME TO OVERHAUL YOUR LIFE FOR THE BETTER, AND ONE EXCELLENT PLACE TO START IS BY MAKING SOLID FINANCIAL RESOLUTIONS THAT CAN HELP GET YOU CLOSER TO YOUR MONEY GOALS, WHETHER IT'S INCREASING YOUR RETIREMENT SAVINGS OR SETTING ENOUGH MONEY ASIDE FOR A DOWN PAYMENT ON A HOUSE.

Investing is not just about what you know but also who you are. The key to successful investing isn't predicting the future – it's learning from the past and understanding the present. Investing offers potential to grow our money, reach our goals and live the life we want. Regardless of the market conditions at the moment, the keys to successful investing are always the same.

Cash savings vulnerable to erosion by inflation

Investors often think of cash as a safe haven in volatile times, or even as a source of income. But even though we have seen a recent small rise in interest rates, we're still experiencing a period of ultra-low interest rates which have depressed the return available on cash to near zero, leaving cash savings vulnerable to erosion by inflation over time. With interest rates expected to remain low, investors should be sure an allocation to cash does not undermine their long-term investment objectives.

Cash left on the sidelines earns very little over the long run. Investors who have deposited their cash in the bank may have missed out on the impressive performance that would have come with staying invested over the long term.

Please note that these investments do not include the same security of capital which is afforded with a deposit account, and you may get back less than the amount invested.

Making an enormous difference to your eventual returns

Compound interest has been called the eighth wonder of the world. Its power is so great that even missing out on a few years of saving and growth can make an enormous difference to your eventual returns.

You can make even better use of the effects of compounding if you reinvest the income from your investments to enhance your portfolio value further. The difference between reinvesting – and not reinvesting – the income from your investments over the long term can be significant.

Be prepared upfront for the ups and downs of investing

Every year has its potential roller coaster ups and downs. Volatility in financial markets is normal, and investors should be prepared upfront for the ups and downs of investing rather than having a knee-jerk reaction when the going gets tough. The lesson is, don't panic: more often than not, a stock market pullback is an opportunity, not a reason to sell.

Investors should look to keep a long-term perspective

Market timing can be a dangerous habit. Pullbacks are hard to predict, and strong returns often follow the worst returns. But often, investors think they can outsmart the market, which they may later regret. As the saying goes, 'Good things come to those who wait.' While markets can always have a bad day, week, month or even a bad year, history suggests investors are much less likely to suffer losses over longer periods. Investors should look to keep a long-term perspective.

Reducing risks while potentially improving returns

The last decade has been a volatile and tumultuous ride for investors, with natural disasters, geopolitical conflicts and a major financial crisis. Among the most important tools available to investors is diversification. Diversification allows an investor to reduce investment risks while potentially improving investment returns.

A diversified portfolio is typically split across a range of different asset classes, with exposure to different companies, industries and types of market from different regions around the world. In a diversified portfolio, the assets don't correlate with each other. When one rises, the other falls. It lowers overall risk because, no matter what the economy does, some asset classes will benefit.

Looking to invest for income, growth or both?

Your money lets you do the things you enjoy and take care of the people you love. Besides saving, investing gives potential to grow your money and provide finances well into the future. Whether you are looking to invest for income, growth or both, we can provide the quality advice, comprehensive investment solutions and ongoing service to help you achieve your financial goals. You can call us to arrange an appointment or ask a question.

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Reach your financial goals

Helping you realise your retirement vision

WE'VE NOW ENTERED A NEW AGE OF RETIREMENT PLANNING WITH THE INTRODUCTION OF PENSION FREEDOMS. YOUR RETIREMENT IS LIKELY TO BE THE MOST IMPORTANT TIME IN YOUR LIFE YOU'LL EVER PLAN FOR - YOU COULD BE RETIRED FOR 20 YEARS OR MORE.

Thinking about pensions sooner rather than later can mean the difference between a comfortable retirement and struggling to make ends meet. Unfortunately, some people put off retirement planning when they are young because they think they've got time on their side. However, the earlier you start saving for your future, the bigger the pension pot you'll end up with when you're older.

7 pension tips for nurturing your nest egg in 2018

Research shows we're more likely to achieve our financial goals if we write them down and start with a clear plan of action. Work out what financial goals you want to achieve, then break them down into realistic steps that will lead you there. We've provided seven pension tips for you to consider to keep your retirement plans on track at the start of the New Year.

1. Consider consolidating your pension pots – while it might be hard to keep track of pensions with job changes, the Government offers a free Pension Tracing Service. Bringing your pension pots together may help you manage them, but take care to understand the benefits associated with the existing contract, along with any potential risks/disadvantages of transferring the funds – and always seek professional financial advice to see if it's suitable for you.

2. Make use of your tax reliefs on pension contributions – when you are able to do this, particularly at higher rates, this can be beneficial. The Government may well revisit pension tax relief post-Brexit to help 'balance the books'.

3. Maximise your workplace pension contributions – if your employer pays a contribution that is linked to your contribution, see if it's affordable for you to pay the maximum in order to receive your employer's maximum.

4. Invest for the long term – there have been various moments of uncertainty in the markets – think back to the 'crash' of 1987 which now looks like a 'blip'. Keep an open mind, and don't panic or have knee-jerk reactions. You must remember that when investing in the stock markets, it is inevitable that there will be times of volatility and you can weather the storm.

5. Review your State Pension entitlement – given so many changes, it is worth keeping your finger on the pulse and looking at what you may need to do to top up to the maximum entitlement available.

6. Review your expected expenditure in retirement – it's key that you clearly establish 'essential' and 'discretionary' spending, so in poor market conditions you can always look to reduce income from pension funds if necessary to cut back on discretionary expenditure that can wait for another day.

7. Ensure your income in retirement is set up as tax-efficiently as possible – making full use of all available tax allowances/exemptions is crucial. Don't forget to look at how different tax wrappers can work for you. ◄

What does retirement mean to you?

From stopping work altogether to a slow and gradual reduction of commitments, retirement means different things to different people. Making sure you can sustain the level of income you need as you move away from full-time employment or your business interests is key to a long and happy retirement. To discuss your requirements, please contact us.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

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Will you make provision for all those you hold dear?

Getting your affairs in order and planning what you want to pass on to loved ones

WRITING A WILL MAY SEEM DAUNTING, AND WITH EVERYTHING ELSE WE SHOULD BE THINKING ABOUT IT BECOMES JUST ANOTHER CHORE ON THE TO-DO LIST. IT'S ESPECIALLY IMPORTANT FOR COHABITATING COUPLES TO HAVE A WILL, AS THE SURVIVING PARTNER DOES NOT AUTOMATICALLY INHERIT ANY ESTATE OR POSSESSIONS LEFT BEHIND.

Getting your affairs in order and planning what you want to pass on to loved ones, whether it's while you're alive or after you've passed away, is really important. Not only does it mean that your wishes can be carried out but it can also help reduce the emotional and financial burden on loved ones at an already difficult time. We all lead such busy lives that it can be easy to put off estate planning, but it's best to take care of this sooner rather than later.

No Will in place

But three in five adults (60%) don't have a Will in place, with a third (33%) not having thought about writing a Will, according to research from Royal London[1]. Surprisingly, the research also found that a quarter (26%) of those aged 55 and over have not written a Will. Of these, one in six (16%) over-55s with no Will have never even thought about writing one.

Cohabiting couples are less likely to have a Will, with three-quarters (77%) not having written one compared to those who are married or in a registered civil partnership (46%). Single adults (45%) and cohabiting couples (32%) are the least likely to have thought about writing a Will compared to those who are married or in a civil partnership (22%) and those who have separated/divorced (21%).

Feeling more pressure

Adults with children feel more pressure to write a Will, with half (48%) saying they have not written a Will but want to write one in the near future. Three in five parents with children under 18 (58%) also haven't chosen guardians for their children in the event of their death.

Making or updating a Will provides the perfect time to talk to your family about inheritance matters. For instance, you can talk about the items you might like to pass on to them, as well as what they might spend an inheritance on. When people have these conversations, they often discover that they can help their loved ones financially now, rather waiting until they've passed away. As well as being able to see loved ones benefit from some money, this can also help from an Inheritance Tax perspective.

Passing on your belongings

It's not just about wealth. Some people may not think they need a Will because they don't have very much money in the bank or because they don't feel old, but this isn't necessarily the case. You need to think about whom you want to pass your belongings on to, your home, car, jewellery and even your pets. It's important to put this information down in writing so your family and friends can honour your wishes once you've passed away.

Don't assume who will benefit. If someone dies in the UK without a valid Will, their property is shared out according to rules of intestacy, which means your estate can only be inherited by close family (spouse/registered civil partner, siblings, children, parents and aunts/uncles). So, unless you have a Will, intestacy rules could force an outcome that is completely contrary to your wishes.

Writing a Will or redraft

Beware of the revoking rule. Wills are revoked when you marry, so even if you have written a Will to include your spouse or civil partner-to-be before your marriage, you'll need to renew it afterwards. This is also important if you have children from a previous marriage: although your new spouse would benefit from your estate through the intestacy rules, your children might not.

You may also want to write a Will or redraft your existing one if you are in the process of separating from or divorcing your partner, because if you die before your divorce is complete, your spouse or registered civil partner can still inherit your estate.

Making provision for all those we hold dear

Writing a Will is fundamental to the financial planning process. It may not be the most exciting of subjects, but it answers one of our most basic desires – to make financial provision for all those we hold dear. There are many things to consider when looking to protect your family and create an effective protection planning strategy. If you would like to find out more, please contact us.

Source data:

[1]YouGov on behalf of Royal London surveyed 2,089 adults between 10 and 11 October 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

Sleepwalking into retirement

Lack of pension knowledge among UK adults

THE UK'S MIDDLE-AGED WORKERS COULD BE SLEEPWALKING INTO RETIREMENT POVERTY. FOUR IN TEN PEOPLE AGED BETWEEN 40 AND 65 CANNOT ACCURATELY ESTIMATE THEIR TOTAL PENSION SAVINGS FOR RETIREMENT.

Just over a third of 60 to 65-year-olds who took part in a questionnaire by the JLT Employee Benefits research do not know the size of their retirement fund. Additionally, two thirds of 40 to 65-year-olds with pension savings of under £250,000 still believe their pension pot will end up paying out more than the UK State Pension.

Benefit of employment

However, current estimations suggest that £250,000 of savings would actually provide less than £159.55 per week – the current full State Pension. Only 29% of participants in the survey said they received enough support at their workplace to manage pensions. Two thirds of recipients said they would welcome retirement planning as a benefit of employment.

So far, nearly nine million people have been automatically enrolled since the system was launched five years ago in 2012, with the figure expected to reach 11 million by 2018.

Thought-provoking findings

Four out of five Britons are unhappy with the amount they are putting into their pension fund every month, while one in four people regret not starting to save for retirement earlier in life, according to research from Pension Geeks.

It is evident that there is a lack of pension knowledge among UK adults, with less than one in ten confident they have an in-depth understanding, according to the study. The research uncovered some thought-provoking findings on the state of pensions and pension awareness in the UK.

Complicated to understand

Almost nine in ten think there is not enough information about pensions readily available to them, and 25% believe the information that is available is too complicated to understand.

The latest Scottish Widows Retirement Report has revealed that the number of people saving sufficiently for retirement has stalled at 56% for the third consecutive year, with almost a fifth of the UK adult population not saving at all – that is more than nine million people.

Time to do the things you've always dreamed of doing

Retirement can be the best part of your life – a time to do the things you've always dreamed of doing but never had the chance. Regardless of the life stage you have arrived at, it is important to receive expert and professional advice on your pension plans and requirements. You can call us to arrange an appointment or ask a question.

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‘Sandwich’ generation

Not having enough money for retirement is the biggest concern

AVERAGE LIFE EXPECTANCY HAS GENERALLY BEEN INCREASING, AND FOR THE ‘SANDWICH’ GENERATION, SAVING FOR THEIR RETIREMENT IS CLEARLY A BIG CONCERN – AND WITH PLANS TO CONTRIBUTE FINANCIALLY TO SUPPORT THEIR CHILDREN AND PARENTS, IT’S PERHAPS NO WONDER.

A survey by the Association of Investment Companies[1] of the sandwich generation aged 35–55 who have elderly parents and children and a minimum household income of £50k found that half (49%) said not having enough money for retirement was their biggest financial concern. This was followed by their children’s school/university fees (36%) and not being able to help family members financially (23%).

Saving for retirement

Three quarters (75%) of people interviewed said they had either a final salary, defined benefit pension or a defined contribution pension from their employer, and 47% said they had a personal defined contribution pension and/or a Self-Invested Personal Pension (SIPP) arranged individually. While having this pension provision, nearly half (48%) of people said they still expect any money they currently have saved outside their pension to be used for retirement.

Research revealed that, on average, the sandwich generation are planning to save £419,248 for retirement with one fifth (21%) of those surveyed saying they were planning on saving between £250,001 and £500,000 for their retirement. On average, men are planning to save over £100,000 more than women for their retirement – £463,922 in comparison to £361,329. Interestingly, a quarter (25%) said they didn’t know how much they were planning to save.

Financial contributions

Unfortunately, it’s not just their own retirement that the sandwich generation are concerned about when it comes to their finances. Nearly a third (31%) of people said they were currently contributing financially to support their child/children after they finished school, and a further 46% were planning to contribute. The average amount the sandwich generation expect to contribute is £40,088. Interestingly though, almost half (46%) think their children will be better off financially when they reach their age.

While half (52%) of those surveyed aren’t planning or currently contributing financially to help their parents or parents-in-law, those who are (34%) said the average amount they expect to contribute is £18,378, which would go towards bills or expenses, medical expenses and/or a retirement home.

Saving habits

When it came to their saving habits, an overwhelming number (66%) said they use a cash savings account and/or a Cash ISA (59%) to save money, with a Stocks & Shares ISA the third most popular choice (35%).

While most (50%) expect any savings (excluding pension savings) they have to be used for ‘a rainy day’, retirement (48%) was the second most popular option followed by a holiday (42%) and property (32%). Of those who have money saved, most started saving in their 20s and 30s, but a quarter (25%) have been saving since childhood.

Financial market

When asked what they would invest in if they had money to put aside for ten years and could only invest in one thing, property came out on top (44%), followed by stocks and shares (27%). 49% of people said they felt confident about investing in the financial market, but men are considerably more confident about this than women (60% versus 36%). ◂

Personalised approach to assessing your needs

We’ll help you plan ahead for your retirement, allowing you to focus on what’s most important to you. Retirement planning isn’t just about building a portfolio. We take a personalised approach to assessing your needs, which allows us to provide you with long-term bespoke solutions. To review your situation, please contact us.

Source data:

[1] The ‘sandwich’ generation research was conducted by Opinium from 22 August to 5 September 2017 among 2,011 UK parents aged 35–55, who have a minimum household income of £50k, at least one parent/parent-in-law living and who have or would consider having a Stocks & Shares ISA.

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ISA returns of the year

Taking control over where your money is invested tax-efficiently

A NEW TAX YEAR IS NEARLY UPON US – AND THAT MEANS, FOR ALL DILIGENT SAVERS AND INVESTORS, YOU SHOULD MAKE SURE THAT YOU TAKE FULL ADVANTAGE OF YOUR CURRENT INDIVIDUAL SAVINGS ACCOUNT (ISA) TAX-EFFICIENT ALLOWANCE.

An ISA is a tax-efficient investment wrapper in which you can hold a range of investments, including bonds, equities, property, multi-asset funds and even cash, giving you control over where your money is invested. It is important to remember that an ISA is just a way of sheltering your money from tax. It's not an investment in its own right.

You don't even have to declare any investments held in ISAs on your tax return. This may not seem like much, but if you have to file an annual tax return, you'll know that any way of simplifying your financial administration can be very helpful.

ISA limits

This tax year, you can invest up to £20,000 in ISAs. The 2017/18 tax year runs from 6 April 2017 to 5 April 2018. The ISA allowance can be split as desired between a Stocks & Shares ISA, a Cash ISA, a Lifetime ISA (maximum £4,000) and an Innovative Finance ISA, providing you stay within the overall £20,000 limit.

The annual ISA allowance is per individual and is the maximum amount every person can save into any type of ISA over the course of the tax year. This means you and your spouse or registered civil partner can put up to £40,000 between you into ISAs this tax year.

Protected from the taxman

When you invest through an ISA, your money is protected from the taxman, so you don't have to pay personal income tax on any interest or dividends you receive from your investments. While the UK Government has introduced the Personal Savings Allowance and Dividend Allowance, holding your investment through an ISA will save you from monitoring and managing a potential tax burden.

The tax-efficient nature of an ISA is particularly useful in retirement, as it means you can hold your money in bond funds and generate a tax-efficient income on top of the payments you receive from your pension. It is also very beneficial if you want to generate long-term capital growth from your funds but prefer to take a cautious approach to investing.

Annual exemption threshold

When your investments are held in ISAs, you don't have to pay any Capital Gains Tax (CGT) on their growth. Of course, this may seem like a minimal benefit if your profits are well within the annual exemption threshold for CGT, but it's worth remembering that stocks and shares investments are for the long term. If your funds perform particularly well for several years, holding them in ISAs will mean you have full access to your money at all times, without having to worry about managing a potential tax burden.

Consolidate your investments

If you feel that your existing ISA provider is no longer appropriate for your needs or you are looking to consolidate your investments under one roof, with an ISA you are free to transfer your investment between providers to suit your individual needs.

However, your current provider may apply a charge when you transfer your investment. While your investment is being transferred, it may be out of the market for a short period of time and will not lose or gain in value.

Control over retirement income

ISAs can give you control over your retirement income, as you can take as much money out as you like, whenever you want. Savings in an ISA and withdrawals from an ISA are free from personal taxation.

In contrast, if you are a pension saver, you can generally also take out as much money as you like, whenever you want from age 55. However, while 25% of the pension pot can be withdrawn tax-free, further withdrawals are at the applicable marginal rate of Income Tax.

Inheriting an ISA allowance

The spouse or registered civil partner of ISA holders who have died have the ability to inherit their ISA allowance. The Inheritance ISA or 'Additional Permitted Subscription' (APS) rules allow you to use your partner's ISA allowance for up to three years from the date of their death or 180 days after the completion of the administration of the estate, if longer. The spouse or registered civil partner can then inherit their ISA allowance which will be equal to the amount held by the spouse or registered civil partner in their ISAs.

ISA options:

Cash ISAs: where you either have easy access with no charge for withdrawals but the interest rate is variable, so it could go up and down, or, fixed with no withdrawals allowed but which can be closed early or transferred to another ISA subject to loss of interest. First-time buyers can choose to save up to £200 a month in a Help to Buy: ISA instead.

Stocks & Shares ISAs: these are a tax-efficient way of investing if you're looking to put your money away for the medium to long-term (at least five to ten years). Unlike Cash ISAs, the value of your investment can go down as well as up and you may get back less than you originally invested.

Junior ISAs: a tax-efficient way to save for your child and which can be accessed by the child when they reach 18 years of age. The annual Junior ISA allowance for the 2017/18 tax year is £4,128 and can be invested in a Junior Cash ISA, a Junior Stocks & Shares ISA, or a combination of both, providing you don't exceed the annual limit.

Innovative Finance ISAs: a tax-efficient way of participating in peer-to-peer lending, using your savings without paying any personal tax on the income received. The value of your investment can go down as well as up, and you may get back less than you originally invested. These are generally considered higher-risk investments and may not be considered suitable for all types of investors.

Lifetime ISAs: you can use a Lifetime ISA to buy your first home or save for later life. You must be 18 or over but under 40 to open a Lifetime ISA. Up to £4,000 can be put in each year until you're 50. The Government will add a 25% bonus to your savings, up to a maximum of £1,000 per year. ◂

Helping you grow your wealth

We are committed to helping you build a goal-based financial plan that reflects what's most important to you and your future plans. When it comes to building an investment portfolio, you may have specific goals that reflect your risk tolerance, time horizon or asset class preferences. Whatever your needs, we can help you develop an investment strategy that works for you. You can call us to arrange an appointment or ask a question.

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> "The annual tax-efficient ISA allowance is per individual. This means you and your spouse or registered civil partner can put up to £40,000 between you into ISAs this tax year."

Do you have a financial back-up plan this year?

Be prepared if life throws something unexpected your way

UNFORESEEN LIFE EVENTS AND CIRCUMSTANCES CAN POTENTIALLY IMPACT YOUR FINANCES IN A NUMBER OF WAYS. HUNDREDS OF THOUSANDS OF PEOPLE ARE DIAGNOSED WITH CANCER EACH YEAR IN THE UK AND IT IS BECOMING MORE COMMON AMONG THOSE OF WORKING AGE.

Cancer treatment can cause many to have to work reduced hours or stop working altogether. Sufferers should be able to make getting better their main priority without worrying about job security and financial stability. At a time when welfare reform is resulting in significant changes to benefits such as child and working tax credits, income-based job seeker's allowance, and income support and housing benefits for those renting and with a mortgage – all of which are being replaced by Universal Credit – families need to do all they can to protect themselves in the event of the unexpected happening.

Heads in the sand

But fewer than one in ten (8%) people in the UK have critical illness insurance, and just a third (34%) have life cover, with many people appearing to bury their heads in the sand when it comes to having a financial back-up plan should serious illness strike, according to research from Scottish Widows[1].

One in five (21%) people in the UK admit their household would not be financially secure for any length of time if it lost its main income as a result of serious illness. And almost half (47%) admit that their savings would last just six months or less if they became unable to work, raising concerns over the nation's financial resilience should the unexpected happen.

Incidence rate increase

Lung cancer is the third most common cancer in the UK, accounting for 13% of all new cases, and 130 new cases being diagnosed every day. It's the second most common cancer in both males and females, with 1 in 13 men and 1 in 17 women being diagnosed with the illness during their lifetime. Pancreatic cancer is the eleventh most common cancer in the UK, with 26 cases diagnosed every day, with incidence rates having increased by a tenth over the last decade[2].

The research also reveals that a lack of planning is leaving many UK households in a vulnerable position. When asked how they'd cope should they or their partner not be able to work for six months, a quarter (24%) of people said they'd rely only on state benefits, and two fifths said they'd rely on savings.

Critical illness impact

If you were to become seriously ill, would your loved ones struggle to keep up with household bills and the mortgage? It's essential to make sure that you and your family are financially protected. If your family relies on you financially, you should consider this protection to help cover against the impact a critical illness would have.

You would receive a cash sum if you are diagnosed with one of the many specified critical illnesses covered during the length of a policy. The pay out could help to cover things such as child care costs and household bills. Or you may want to use the pay out to help make adjustments to your home or lifestyle if needed, or to pay for specialist medical treatment – or even to take that trip of a lifetime to help you recover. ◀

Do you have the appropriate provision in place to protect your finances?

An alarming number of families could face a significant financial struggle in the event of an unexpected loss of income due to serious illness or death. If the unexpected happened to you, it's crucial to have the appropriate provision in place to protect your finances and provide the peace of mind that there's a safety net in place. To discuss your situation, please contact us.

Source data:

[1] Scottish Widows' protection research is based on a survey carried out online by Opinium, who interviewed a total of 5,077 adults in the UK between 16 and 27 March 2017.

[2] Cancer Research UK

THIS IS NOT A SAVINGS OR INVESTMENT PRODUCT AND HAS NO CASH VALUE UNLESS A VALID CLAIM IS MADE. ADVANCES IN MEDICINE AND TECHNOLOGY MEAN THAT TRADITIONAL VIEWS OF CRITICAL ILLNESSES ARE CONSTANTLY CHANGING.

THE POLICY MAY NOT COVER ALL THE DEFINITIONS OF A CRITICAL ILLNESS. FOR DEFINITIONS, PLEASE REFER TO THE KEY FEATURES AND POLICY DOCUMENT.

Planning the future you want

Pension freedoms bring optimism and adventure to retirement

WILL I EVER SLOW DOWN? DO I HAVE THE RIGHT PLANS IN PLACE? RETIREMENT IS A CHANCE TO DO MORE OF WHAT YOU ENJOY. FIGURES RELEASED AS PART OF LV='S TENTH ANNUAL STATE OF RETIREMENT REPORT[1] INDICATE THAT, FAR FROM WINDING DOWN, RETIREES ARE MAKING THE MOST OF THEIR TIME, WITH SIGNS THAT PENSION FREEDOMS HAVE MADE PEOPLE EVEN MORE LIKELY TO FEEL THIS WAY. HALF (49%) OF RETIREES NOW SAY THEY VIEW THEIR POST-WORK YEARS AS AN EXCITING PHASE OF LIFE, WITH MANY USING THEIR FREE TIME TO LEARN, SEE AND EXPERIENCE NEW THINGS.

Nearly two thirds (64%) of people who retired since April 2015 say stopping work has opened up new opportunities, with one in five (20%) having decided to learn new skills and more than half (55%) devoting more time to their hobbies. In addition, those who retired since the pension freedoms are being more adventurous with their holidays. Nearly half (46%) are holidaying in places they've never been to before, compared to 39% of people who retired before the freedoms were introduced, with the Caribbean (18% vs 11%), Australia (15% vs 6%) and cruises (23% vs 21%) popular destinations.

Viewing retirement more positively

The report finds this trend of viewing retirement more positively is set to continue, with future generations similarly optimistic. Two in five (42%) of those not yet retired think retirement will be exciting, and three in five (60%) believe they will have the opportunity to do more of what they enjoy. In terms of holidays, younger age groups are hoping to visit more far-flung locations – with 18-24-year-olds aspiring to travel as far as Asia (26% versus 11% of 45-54-year-olds), Canada (26% versus 17%) and New Zealand (25% versus 17%).

Working for an additional four years and two months

However, despite high hopes for enjoying their retirement years, many of those under 65 believe they will be working past this point, with people expecting to work for an additional four years and two months on average. In fact, one in ten (10%) expect to continue working for more than ten years after retirement, with this doubling to one in five (19%) for those between 35 and 44 years old. This could be down to a lack of planning as more than three in five (62%) of 35-44-year-olds don't know how much is in their pension pot and, of those who do, two thirds (66%) have less than £50,000.

Living how you want once you stop working

One of the best ways to maximise retirement income and ensure you can live how you want once you stop working is to obtain professional financial advice. Yet only one in ten (11%) have obtained advice about their retirement, and 70% have no plans to do so. Worryingly, this rises to nearly eight in ten (79%) for over-55s.

Take control of your pensions and investments

We understand that professional advice on financial matters is invaluable to creating a durable retirement plan for the future. We will help you to set goals, take control of your pensions and investments, and adapt to changing circumstances. To review your situation, please speak to us.

Source data:

The full State of Retirement report can be found at: lv.com/stateofretirement.

The Work & Pensions Committee has launched a new inquiry into whether and how far the pension freedom and choice reforms are achieving their objectives https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/pension-freedoms-launch-17-19/

Methodology for consumer survey: Opinium, on behalf of LV=, conducted online interviews with 1,521 UK adults between 15 and 19 September 2017. Data has been weighted to reflect a nationally representative audience.

A PENSION IS A LONG-TERM INVESTMENT. THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

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Investing for the future

Higher inflation and near-zero interest rates mean the responsible thing to do could be to invest rather than to save

MANY OF US HAVE BEEN BROUGHT UP TO BELIEVE THAT SAVING IS THE RESPONSIBLE THING TO DO. BUT IN TODAY'S ENVIRONMENT OF LOW INTEREST RATES AND RISING INFLATION, SAVERS MAY NEED TO CONSIDER BECOMING INVESTORS TO PREVENT THE EROSION OF THEIR ASSETS.

Since the global financial crisis of 2007/08, the world's central banks, including the Bank of England (BoE), have responded by cutting interest rates to record lows. This reduces the cost of borrowing, encouraging spending by consumers and businesses, but it also discourages saving.

Economic recovery

The BoE has acknowledged this is a problem, and in its efforts to keep Britain's economic recovery on track, the central bank has prioritised growth over the needs of savers. Savers currently hoard over £60 billion[1] in cash for long-term savings and investments, which stands to be eroded by £1.5 billion this year as a result of higher inflation.

That pressure has intensified following the UK's recent vote to leave the European Union. The pound has fallen considerably against most other major currencies, which means imports have become more expensive. So savers are not only facing lower interest rates, but they are also facing higher prices.

Interest rates

Higher inflation and near-zero interest rates mean the responsible thing to do could be to invest rather than to save. You might even question whether it is better to splash out on some extravagant purchase instead – a new car or a long foreign holiday perhaps. But when you have your entire lifestyle, family and retirement needs to consider, splashing out on luxuries is unlikely to be the best solution, and the joys of doing so may prove short-lived.

So what are the alternatives? Government bonds are often considered to be one of the safer investments after cash, but the prices of government bonds have risen so much in recent years that the income they provide (their yield) is now close to zero – prices and yields move in the opposite direction.

Investment assets

Different types of investment assets offer differing degrees of protection against the effects of inflation, although it is important to understand that the behaviour of asset classes can and does change over time.

There are plenty of other options to consider, although the search for higher yields will often entail higher risk. That risk, however, needs to be set against the likelihood of inflation eroding your savings in the longer term.

Reliable profits

Equities are traditionally regarded as riskier than government bonds. However, many of the shares paying the best dividends are often found in areas generating reliable profits. For example, utilities companies usually have reliable income streams, as people still need to switch the lights on and heat their homes. And while the value of shares can fall as well as rise, successful companies can still increase their dividends – in contrast to the fixed income offered by bonds.

Then there are corporate bonds, which fall into two categories. Investment grade corporate bonds are reckoned to represent a lower risk of failing to pay investors, or 'defaulting'.

Reward investors

Meanwhile, high-yield corporate bonds are more risky, but reward investors for taking on this risk by offering a higher income (or yield). A carefully selected portfolio of investment grade and high-yield bonds could provide an attractive income stream for appropriate investors, while keeping the amount of risk within the limits that many will find acceptable.

Given these varied opportunities, investors could be well advised to look at the merits of higher-yielding investments that offer the prospect of both higher income and the possibility of long-term growth. ◄

Don't watch your money erode away

While looking to make plans for the years ahead, resigning all our money to cash is not the answer. We are approaching a decade of record low interest rates which have been giving us little to no return on our money. We have to decide whether we are prepared to watch our money erode away or try and grow our savings through investing. To discuss your investment plans, please contact us – we look forward to hearing from you.

Source data:

[1] BlackRock's Investor Pulse survey, polling 4,000 people in the UK. Savers typically have £8,700 in cash, of which a quarter (£2,270) is set aside for long-term savings and investments.

LOOKING FOR AN EXPERT, FLEXIBLE APPROACH TO MANAGING YOUR WEALTH?

Trust, tax and insurance solutions to ensure your financial goals can be achieved.

Whether your wealth comes from building a business, successful investments or family inheritance, robust family and estate planning is essential for protecting your wealth. We'll work to understand your requirements and bring them together as part of a coordinated financial approach.

CONTACT US TO DISCUSS YOUR REQUIREMENTS.

Countdown to retirement

Matching the living standards of those who have already retired

RETIREMENT CAN MEAN DIFFERENT THINGS TO DIFFERENT PEOPLE. UNDERSTANDING HOW MUCH IT WILL TAKE TO PROVIDE AN INCOME FOR YOURSELF AND POTENTIALLY A SPOUSE, WHILE ALSO ENSURING YOU ARE ABLE TO LEAVE SOMETHING BEHIND FOR YOUR LOVED ONES AFTER YOUR DEATH, IS ESSENTIAL.

Number of factors

This will ultimately depend on a number of factors: primarily how much income you think you will need over the course of your retirement (one which is likely to be much longer than previous generations), and when you want to start winding down your professional life.

However, many pension savers in their final years of work are concerned that they won't be able to match the living standards of those who have already retired, according to research from Prudential[1], with 54% believing they'll be worse off when their time comes to give up work.

Own working life

Nearly two thirds (63%)[2] say the best advice they could give to those who have just started work for the first time is to save as much as they can for as long as they can, and one in three (34%) now regret that they didn't start saving into a pension earlier in their own working life. Meanwhile, 33% simply wish they had saved more for their retirement.

But it's not all gloom for those on the countdown to retirement – two in five (40%) believe they will be as financially comfortable as those who are already retired, while 6% believe they will actually be better off.

Quality of life

It's important to remember that for most people, it isn't too late to take action and make a real difference to their quality of life when the time comes to stop work. So even later in their working life, most people should benefit from saving as much as possible into their pensions, and also ensuring the National Insurance contributions they have made are sufficient to guarantee them the State Pension.

The research also found that more than a quarter (27%) of those who are within ten years of retirement have been saving into a pension since they started work. However, one in eight (16%) admit they are not saving into a pension at all, even this close to retirement. Meanwhile, one in nine (13%) admit to having been unrealistic about the age at which they will be able to afford to retire.

Retirement planning – a process and not just a one-off event

Pension saving and retirement planning has changed massively over the past decade. Retirement planning should be viewed as a process and not just a one-off event. Obtaining professional financial advice is essential to make the right decisions about saving while you're working and then eventually taking an income as you start to wind down. Want to find out more? Please contact us.

> "Nearly two thirds (63%)[2] say the best advice they could give to those who have just started work for the first time is to save as much as they can for as long as they can, and one in three (34%) now regret that they didn't start saving into a pension earlier in their own working life. Meanwhile, 33% simply wish they had saved more for their retirement."

Source data:

[1] Consumer Intelligence conducted an independent online survey for Prudential between 26 May and 5 June 2017 among 744 UK adults who are up to ten years away from retirement.

[2] Research conducted by CanvasseOpinion from Experian for Prudential between 28 September 2007 and 25 October 2007. More than 4,000 people were questioned, with 464 people out of that sample retiring in 2008. In the following years (2008 to 2016), Research Plus conducted independent research on behalf of Prudential each November among at least 10,000 non-retired adults in the UK, including at least 1,000 planning to retire in the following year.

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Millennial outlook

Pension saving high up on the list of workplace priorities

WORKERS FROM THE SO-CALLED 'MILLENNIAL GENERATION' ARE PUTTING PENSION SAVING HIGH UP THEIR LIST OF WORKPLACE PRIORITIES. NEARLY SIX IN TEN (57%) PEOPLE IN THEIR FIRST TEN YEARS OF WORK CONSIDERED THE QUALITY OF THEIR CURRENT EMPLOYER'S PENSION SCHEME BEFORE DECIDING WHETHER TO TAKE THE JOB, AND THEY WILL ALSO ASSESS ANY POTENTIAL NEW EMPLOYER'S PENSION SCHEME BEFORE MOVING JOBS IN THE FUTURE, ACCORDING TO RESEARCH FROM PRUDENTIAL[1].

Rising living costs

The results found that a confident two in five (38%)[2] believe their retirement saving efforts are on track to help them match the living standards of today's pensioners when they give up work themselves. However, just over a third (34%) acknowledge rising living costs and accept that the amounts they are saving today simply won't be enough to support a comfortable retirement.

Millennial women are more realistic than their male colleagues about the challenges of matching the living standards of their retired grandparents in a world where the responsibility for pension provision continues to shift further away from employers and the Government and onto the individual. Just under one in three (32%) of the women surveyed were confident their retirement incomes would match that of older generations, compared with more than half of men (52%).

Making personal sacrifices

Many younger workers are considering making personal sacrifices to help fund a comfortable retirement – 31% say they will consider cutting back on spending for the next ten years to focus on their pension, and 30% are considering a move to a less expensive part of the country.

Despite all the good intentions around saving and planning for their retirement, more than half (54%) of the younger generation of workers admit they are envious of the retirement plans and finances of those who have already given up work or are about to do so.

Comfortable in retirement

The research also found that 30% of younger workers have yet to consider how much income they will need for a comfortable life in retirement, while one in three (33%) say they will consider moving abroad if it helps to secure a more comfortable life when they give up work.

The facts are that given the current economic world is changing, the millennial generation will need to adapt their outlook in line with changes across the economic landscape, and many may be too over-optimistic about the age they can expect to retire if they don't make sufficient provision early enough. ◄

Helping you navigate the process?

Your money needs time to accumulate. Plan today for the goals you have in mind, and you are more likely to be able to use your wealth as you wish in the future. Whether you're planning for retirement or looking to grow your wealth, we'll help you navigate the process. Please contact us.

Source data:

[1] Consumer Intelligence conducted an independent online survey for Prudential between 26 May and 5 June 2017 among 740 UK adults who started work within the last ten years – 98% of whom were aged 18 to 34.

[2] Research conducted by CanvasseOpinion from Experian for Prudential between 28 September 2007 and 25 October 2007. More than 4,000 people were questioned, with 464 people out of that sample retiring in 2008. In subsequent years (2008 to 2016), Research Plus conducted independent research on behalf of Prudential each November among at least 10,000 non-retired adults in the UK, including at least 1,000 planning to retire in the following year.

The bank that likes to say 'yes'

Repeated payouts to children could have a detrimental impact on your own long-term saving

MANY PARENTS WHO ARE IN A POSITION TO DO SO WOULD WANT TO PROVIDE FINANCIAL HELP TO THEIR CHILDREN. HOWEVER, IN MANY CASES, THIS FINANCIAL SUPPORT ENDS UP BEING GIFTS FROM MUM AND DAD RATHER THAN THE LOANS FROM THE BANK OF MUM AND DAD THEY START OUT AS.

Long-term dent

These written-off loans risk making a long-term dent in the finances of parents, often at the stage in their lives when they would like their money to be invested for the future and working hard for them in a pension. If the choice is between providing loans to their children or continuing to contribute to a pension, parents should obtain professional financial advice before making that decision.

On average, those who have lent money to their children or grandchildren are owed £12,700, and more than one in ten (11%) of the Bank of Mum and Dad's loans are for figures of more than £20,000.

Repaid in full

Research from Prudential[1] has revealed that in many cases, the Bank of Mum and Dad doesn't expect its loans to be repaid in full, with more than two in five (44%) parents who have lent money to their families admitting it is unlikely that they will ever see the full amount of money again.

However, the potential for significant financial loss from written-off loans doesn't appear to deter them. More than two thirds (68%) of the parents interviewed have already loaned money to their families, or have definite plans to do so in the future, while the remaining (32%) all hope to be in a position to act as their children's preferred lender some time in the future.

Considering lending

Of those parents who are considering lending to their offspring in the future, many are also unsure they will get the money back – nearly two fifths (37%) think it is unlikely they will be repaid, while only just over a quarter (28%) expect to be repaid eventually if they are called on as a lender.

Backing up a report[2] published by the Social Mobility Commission in March 2017, which revealed that young people are increasingly reliant on the Bank of Mum and Dad to help fund the purchase of their first house, the research shows that two in five loans from parents (39%) went towards a deposit for a house or buying a home outright.

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Living expenses

The second most popular reason (28%) for lending money was to help buy a car. But the study shows cash is also going on paying off student and credit card debts, as well as for general living expenses.

As many younger people struggle to get onto the housing ladder, it has become widely accepted practice for parents to help out where they can, but children going to the Bank of Mum and Dad to help cover everyday living expenses is a worry. For many parents, repeated payouts to their children could have a detrimental impact on their own long-term saving for retirement.

Source data:

[1] Research conducted by Consumer Intelligence on behalf of Prudential between 20 and 21 July 2017 among 1,057 parents.

[2] www.gov.uk/government/news/first-time-buyers-relying-on-parents-to-get-onto-housing-ladder

YOU'VE PROTECTED YOUR MOST VALUABLE ASSETS.

But how financially secure are your dependants?

Timely decisions on how jointly owned assets are held, the mitigation of Inheritance Tax, the preparation of a Will and the creation of trusts can all help ensure your dependants are financially secure.

CONTACT US TO DISCUSS HOW TO SAFEGUARD YOUR DEPENDANTS, WEALTH AND ASSETS – DON'T LEAVE IT UNTIL IT'S TOO LATE.

Funding your future lifestyle

Think about the level of risk you might be willing to take with your hard-earned cash

WE ALL DREAM OF A MORE PROSPEROUS FINANCIAL FUTURE, BUT HOW DO YOU TURN THIS INTO A REALITY? WITH INTEREST RATES ON SAVINGS ACCOUNTS STUCK AT LOW LEVELS, IT'S DIFFICULT TO GET ANY REAL GROWTH ON YOUR MONEY OVER THE LONG TERM.

If you plan to rely on your savings to one day provide you with an income or to fund your future lifestyle, you need to make sure you are building them up sufficiently. Saving and investing is about putting plans in place for your long-term goals whilst making sure you have enough money set aside to cover your day-to-day living expenses, one-off payments (like holidays) and any emergency costs (perhaps for your car, home or health).

There are many ways that you can save or invest, and while we all want our money to grow, it's important to think about the level of risk you might be willing to take with your hard-earned cash. It's about achieving a good balance.

Basic savings

You could decide to save a manageable amount each month from your take-home pay to cover your living costs, larger expenses and the unexpected.

A bank or building society account may be a good home for your money, or you could open up an easy access Cash ISA (Individual Savings Account).

Cash ISAs

A Cash ISA is a savings account that allows you to make regular contributions. Unlike a standard savings account, you won't pay any tax on the interest earned within your Cash ISA.

The other main difference between a Cash ISA and a standard savings account is that there is a maximum amount you can pay each tax year into a Cash ISA. This is £20,000 for the 2017/18 tax year.

Stocks & Shares ISAs

A Stocks & Shares ISA differs from its cash equivalent by allowing you to invest in:

- Shares in companies
- Unit trusts and Open-Ended Investment Companies
- Corporate bonds
- Government bonds

A fund is when investors pool their money together to buy a various range of assets such as bonds, shares and property. If you have a Stocks & Shares ISA, you can usually select different funds to invest in, plus move your money between these without taking it out of your ISA and losing the tax advantages.

Innovative Finance ISAs

The Innovative Finance ISA is peer-to-peer lending that allows individuals to lend cash directly to borrowers.

With an Innovative Finance ISA, you don't pay tax on any income or capital gains from your investments.

ISA contributions

Each tax year, you can put money into one of each kind of ISA. You can save up to £20,000 in one type of account or split the allowance across two or three types.

For example:

You could save £12,000 in a Cash ISA, £5,000 in a Stocks & Shares ISA and £3,000 in an Innovative Finance ISA in one tax year.

Of course, the above is just an example. You could decide to choose different amounts depending on the level of risk you are comfortable with, as long as you do not exceed the maximum ISA allowance for the current tax year.

Finally, you can also start an ISA with a single lump sum and not contribute anything else. Alternatively, you can begin with the single lump sum and at the same time start a regular monthly investment.

Other investments

When you have enough easy access savings set aside, you may wish to consider investing your money over the longer term, say five to ten years or more, to help achieve your future goals.

> Each tax year, you can put money into one of each kind of ISA. You can save up to £20,000 in one type of account or split the allowance across two or three types.

Investing in other assets, such as stocks and shares, government and corporate bonds, or property gives you the potential to achieve better returns than money in the bank.

However, please remember that there is no guarantee as the value of any investment can go down as well as up, so you may not get back the amount you put in.

In addition to ISAs, you could also consider:

Corporate and government bonds – these are loans to the Government or private companies that pay you interest.

Investment bonds – these are products which invest your money with the aim of providing you with medium-to-long-term returns.

Open-Ended Investment Companies (OEICs) – your money is held in a pooled fund that is then invested in other funds and assets.

Property – you could invest in rental properties, commercial properties or holiday homes.

Shares – these are a direct investment in individual companies where you take a stake, and if it does well you may get a dividend (a share in the profits).

Balancing the risk

It's often a good idea to put your money into different types of assets to help balance the risk. So if one doesn't perform well, another may do better. Or you could choose a fund which does this kind of balancing for you, sometimes known as a 'Managed Fund'. Different types of assets can have different risks that need to be taken into consideration when choosing an investment.

Devising a tailored financial plan

By speaking to us, you can benefit from help devising a tailored financial plan. We can review your current savings and investments, and tell you how to make more of them. You can call us to arrange an appointment or ask a question.

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.

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Retirement roulette

Millions of older workers pin hopes on downsizing, inheritance or lottery win

OLDER WORKERS ARE FINDING THEMSELVES CAUGHT IN A POSITION OF RETIREMENT ROULETTE, AS MANY ARE RELYING ON EXTERNAL FACTORS SUCH AS A DOWNSIZING, AN INHERITANCE OR EVEN A LOTTERY WIN TO BE ABLE TO AFFORD A COMFORTABLE RETIREMENT, ACCORDING TO AVIVA'S LATEST REAL RETIREMENT REPORT.

A quarter (25%) of over-50s workers are hoping to profit from downsizing to a smaller home or moving to a cheaper area. A similar proportion (24%) are relying on receiving an inheritance to achieve a comfortable standard of living in retirement, which suggests it's not only younger generations who count on help from family to support their financial needs.

Pessimism about prospects of being able to retire in comfort

Worryingly, more than one in ten (13%) or 1.3 million[1] over-50s workers say they are relying on a lottery win to afford a comfortable retirement, despite the odds of winning the National Lottery being just one in 45 million[2] – a sign of their pessimism about their prospects of otherwise being able to retire in comfort.

As older workers' financial futures hang in the balance, many are finding they need to put their earnings towards big purchases or everyday spending instead of pension saving.

Vital window of opportunity for people to boost their pension savings

Over-50s workers say they reached or expect to reach their peak earnings – or the highest amount of income earned during their lifetime – at the age of 51 on average, with this period lasting for an average of 5.5 years. This potentially provides a vital window of opportunity for people to boost their pension savings ahead of retirement.

However, only 12% say they have or would increase contributions to an existing workplace pension during this time, rising to just 14% among those who expect to retire within the next two years.

Ability to save is hampered by having no money left

The cost of living is a key factor disrupting older workers' saving plans: with inflation at a five-year high, a third (33%) of workers aged 50 and over say their ability to save is hampered by having no money left after paying for everyday living costs.

Other factors impacting on their ability to save are the need to pay off a mortgage before retirement (felt by 39% of those with a mortgage) and having financially dependent children (18%).

Financial pressures force older workers' focus away from long-term planning

As immediate financial pressures force older workers' focus away from long-term planning, almost a quarter (22%) or 2.2 million workers aged 50 and over say they are yet to take pension saving seriously. In addition, more than two in five have not calculated how much money they will need in retirement (41%) and how much should be saved to afford a comfortable retirement (42%).

Three in five (58%) have not ramped up pension savings in the run-up to retirement, including 57% of those aged 60–64 who are close to what was previously the Default Retirement Age.

Make a big difference to your retirement plans

Wherever possible, retirement saving shouldn't be left to chance. Although older workers have multiple demands on their income, taking time to understand what needs to be saved in order to afford a good standard of living in retirement and putting more away each month – no matter how small the increase – can make a big difference. To find out more, please contact us.

Source data:

[1] ONS Table A05: Labour market by age group: People by economic activity and age (seasonally adjusted). There are 9,969,000 workers aged 50 and above (October 2017).

[2] Metro, What are your chances of winning the lottery? August 2017.

The Real Retirement Report is designed and produced by Aviva in consultation with ICM Research and Instinctif Partners. The Real Retirement tracking series has been running since 2010 and totals 29,568 interviews among the population over the age of 55 years, including 1,177 in July 2017 for the latest wave of tracking data (Q2 2017). This edition examines data from 3,327 UK adults aged 50 and over, of whom 1,829 are still working.

Frugal habits!

How our spending might change in retirement

LIVING LONGER IS A GOOD THING, RIGHT? MOST PEOPLE WOULD PROBABLY AGREE WITH THAT. LIVING LONGER MEANS MORE TIME TO ENJOY ALL THE WORLD HAS TO OFFER AND MORE TIME TO SPEND WITH CHERISHED FAMILY AND FRIENDS – AND EVERYONE WANTS AT SOME POINT TO STOP WORKING AND ENJOY THEIR RETIREMENT.

It's no secret that we are generally living longer. The average time spent in retirement in the UK is currently 22 to 25 years[1]. Whilst this means you'll have more time to enjoy your retirement, it also means you'll need to plan to ensure your money can last.

Things to take into account

As we're living longer, have you considered once you've retired where your money will go?

1. Spending money on your home

If you've paid off your mortgage, then your costs will be low. Consider how you'll pay for upkeep on your home, including repairs, replacements and improvements. If you're renting, you need to factor this cost into your budget.

2. Costs for your children and grandchildren

If your children are yet to fly the nest, planning on going into higher education or wanting to buy a house, you may need to budget to support them. You might want to help your grandchildren too.

3. Travel

You may save money on transport costs because you won't be commuting. You may even be eligible for free or discounted public transport. These savings could be put towards other areas of your budget.

4. Entitlements

Remember to check out all the potential help and support you could be entitled to when you reach retirement or certain ages. For example, travel passes, reduced costs at leisure centres and help with your winter fuel bills.

Things you'll need to plan more carefully once you've retired

1. Holidays

Chances are, you'll want to travel and take more holidays once you're retired. What's on your wish list, and will your budget stretch to cover these trips? It's also worth factoring in travel insurance, which can be more expensive for over-65s.

2. Heating and bills

Your utility bills could increase if you spend more time at home. Look into the Winter Fuel Payment – you could be eligible for some tax-free support to help towards your bills.

3. Looking ahead to the long term

We're living longer now than ever before. Careful planning for things like long-term care for you, your partner or your parents will help you budget for your whole retirement. ◂

Plan today for the goals you have in mind tomorrow

Your money needs time to accumulate. Plan today for the goals you have in mind tomorrow, and you are more likely to be able to use your wealth as you wish in the future. Whether you're planning for retirement or looking to grow your wealth, we'll help you design a durable wealth management strategy. You can call us to arrange an appointment or ask a question.

Source data:
[1] Based on data for England and Wales. Office for National Statistics, Nov 2014.

'Miss List'

With retirement in your sights, what do you think you'll miss?

SPENDING TIME WITH FAMILY, EASILY HAVING A SHOWER OR BATH AND DRIVING A CAR ARE THE TOP DAY-TO-DAY MOMENTS THAT MOST PEOPLE WOULD MISS IF THEY COULD NO LONGER DO THEM. HOWEVER, SEVEN IN TEN (69%) PEOPLE – OVER 36 MILLION[1] PEOPLE – FAIL TO ASSOCIATE GOOD HEALTH WITH BEING ABLE TO DO ACTIVITIES LIKE THESE, ACCORDING TO RESEARCH RELEASED BY BUPA HEALTH CLINICS WHICH SURVEYED OVER 4,000 PEOPLE ACROSS THE UK.

Other pursuits which made the 'Miss List' include eating out, sport and exercising, and cooking. However, the role health plays in enjoying these everyday things and achieving goals in life is taken for granted by many adults.

Good social circle

Two fifths, or 20 million people[2], have never considered how good health helps them achieve their ambitions in life. Meanwhile, almost half (49%) have never considered the impact that being fit and well has on professional success; 44% overlook the role health has in maintaining a good social circle; and over a quarter (27%) don't think about it in relation to simply feeling confident and being independent (27%).

Appreciate life more

Despite the findings, 91% of people admit they've had an experience which has made them reassess and appreciate life more. Top moments which sparked a new sense of gratitude are having a health issue[3] (44%), losing someone close (42%), becoming a parent (30%), witnessing world events on the news (23%) and getting married (22%). And yet results also found that two thirds of Britons admit they take their health for granted. Additionally, four in five think they could appreciate their daily moments like walking the dog or taking part in sport more – activities that may seem mundane, but which we'd miss if we could no longer do them.

Top 10 everyday moments people would miss if they could no longer do them

- Socialising (56%)
- Showering and bathing comfortably (55%)
- Driving (43%)
- Eating and drinking in a restaurant (34%)
- Sport and exercise (27%)
- Playing with kids (26%)
- Cooking (23%)
- Entertaining friends and family (22%)
- Working (16%)
- Food shopping (15%)

Maintaining positive well-being

Small things can make a real difference to our well-being. Whether it's building time into the day to get out for a walk or spending time connecting with friends and family, maintaining positive well-being can help us live the lives we want to.

We all have mental health as well as physical health, and each can fluctuate over time. The two are closely linked, and changes in our physical health (such as a long-term illness) can impact on our mental health. Equally, mental health problems (such as depression or anxiety) can also affect our physical health, so it is important that we look after both to maintain our overall well-being.

Taking care of the little things

Being more aware of the great things health allows us to do means we're more likely to take care of the little things. Whether it's an injury that needs a physio's once over, an annoying cough that won't go away or a health concern that is keeping us awake with worry, these are all things that can, mostly temporarily, stop you enjoying the everyday activities if ignored.

Source data:

[1] 36,468,015.2 adults.

[2] 40% of UK adults.

[3] A health issue is defined as anything from an injury like a twisted ankle to more serious illnesses that need long-term medical treatment.

The research surveyed 4,062 people over the age of 16 and was commissioned by Bupa Health Clinics and carried out by Censuswide in June 2017.

Pensions in divorce

Preparing for an independent future should a relationship break down

WHEN DISPUTES ARISE WITHIN FAMILIES, EMOTIONS RUN HIGH AND RASH DECISIONS ARE MADE. THIS IS WHY DIVORCE IS AN ARENA FRAUGHT WITH ACRIMONY. BUT SEVEN IN TEN COUPLES DON'T CONSIDER PENSIONS DURING DIVORCE PROCEEDINGS, LEAVING SOME WOMEN SHORT-CHANGED BY £5 BILLION[1] EVERY YEAR. RESEARCH SHOWS THAT MORE THAN HALF OF MARRIED PEOPLE (56%) WOULD FIGHT FOR A FAIR SHARE OF ANY JOINTLY OWNED PROPERTY, AND 36% WOULD WANT TO SPLIT THEIR COMBINED SAVINGS.

Yet fewer than one in ten (9%) claim they want a fair share of pensions, despite the average married couple's retirement pot totalling £132k – that's more than five times the average UK salary (£26k)[2]. In fact, more married people would be concerned about losing a pet during a settlement than sharing a pension (13% vs 9%).

Inadequate savings and preparation

Overall, women are less well prepared for retirement than men, with 52% saving adequately for the future compared with 59% respectively. This figure falls to below half (49%) for divorced women, with nearly a quarter (24%) saying they are unable to save anything at all into a pension, twice the rate of divorced men (12%) saving nothing. Furthermore, two fifths of divorced women (40%) say their retirement prospects became worse as a result of the split, compared with just 19% of men.

Even if pensions are discussed during a divorce settlement, women are still missing out – 16% lost access to any pension pot when they split with their partner, and 10% were left relying completely on the State Pension.

Confusion around pensions in divorce

Almost half of women (48%) have no idea what happens to pensions when a couple gets divorced, which may explain why so few couples consider them as part of a settlement. A fifth (22%) presume each partner keeps their own pension, and 15% believe they are split 50/50, no matter what the circumstances.

In reality, pensions can be dealt with in a number of ways on divorce. The starting point should always be to find out what pensions there are, what are they worth and how they fit with any other assets such as property, savings and each spouse's needs for a home and income.

Getting a fair overall outcome on a divorce

If an adjustment needs to be made to get a fair overall outcome on a divorce, this can be done by one person keeping their pension, but the other getting more of the other assets (called 'offsetting'); or the court can make a pension sharing order giving a percentage of one person's pension to the other (which could be 50/50 but often won't be); or a combination of the two may be needed. However, pension sharing orders are made in just 11% of divorces[3].

Relationship breakdowns can leave people really vulnerable. It is important that everyone – whether single, married or divorced – takes steps to understand their finances and prepare for their independent future should a relationship break down. Pension sharing was introduced almost two decades ago, but it is clear that all too often in a divorce, pensions are still not being taken into account properly if at all. ◂

Plan for your future, married, divorced or otherwise

While some pensions are relatively straightforward, others (for example, public sector schemes) are complex. It is important that everyone – whether single, married or divorced – takes steps to understand their finances and prepare for their independent future should a relationship break down. There is no substitute for expert legal and professional financial advice and the costs involved should be considered an investment. To find out more, please contact us.

Source data:

[1] The research was carried out online for Scottish Widows by YouGov across a total of 5,314 nationally representative adults in April 2017. Additional research was carried out by Opinium across a total of 5,000 nationally representative adults in September 2017.

[2] ONS Earnings and working hours https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours

[3] Based on Ministry of Justice figures showing there were 11,503 'pension sharing orders' in the year to March 2017 and ONS data that shows there were 107,071 divorces in 2016.

Published by **Goldmine Media Limited**
Basepoint Innovation Centre, 110 Butterfield, Great Marlings, Luton, Bedfordshire LU2 8DL