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LYNDHURST

PLAN • INVEST • PROTECT

PRE-YEAR-END TAX PLANNING

TAX-SAVING ACTIONS TO TAKE BEFORE THE DEADLINE

WEALTH ACCUMULATION
Valuable insights that can impact an investment strategy

WHAT WILL YOUR LEGACY LOOK LIKE?
Effective Inheritance Tax planning is a careful balancing act

PROTECTING YOURSELF FROM INVESTMENT SCAMS
If something sounds too good to be true, it probably is

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INSIDE THIS ISSUE

Welcome to our latest issue. As we approach the end of the current tax year on 5 April 2024, it's an opportune moment to examine both your personal and business finances to ensure they are structured to optimise your tax efficiency. Despite the ongoing freeze on many tax rates and thresholds, numerous strategies remain for efficiently organising your financial matters. Read the full article on page 10.

Investment scams are a rising concern, promising potential investors the allure of making a significant amount of money swiftly and effortlessly. These scams often involve minimal to no risk investments in various areas such as financial markets, property, cryptocurrencies, and precious metals and coins. On page 34, we see how these schemes often masquerade as legitimate investments.

Once a concern only for the very affluent, Inheritance Tax (IHT) is now an issue for many ordinary families, who may find themselves handing over an unprecedented portion of their estates to the taxman. The Office for Budget Responsibility anticipates that IHT will bring in £7.2 billion in the fiscal year 2023/24. Read the article on page 08.

On page 07, we consider the ever-evolving landscape of investment and why it might appear daunting. Market conditions are like shifting sands, unpredictable and often beyond control. They can be impacted by many factors, such as political events, economic indicators, corporate earnings reports and even natural disasters.

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

WE DON'T JUST LOOK AT THE NUMBERS
Your goals are unique to you and important to us. We don't just look at the numbers; we create a plan tailored to your unique needs and ambitions and focus on what's important to you and that of your loved ones. Please contact us for more information or to discuss your requirements.

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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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AGE IS NOT **JUST A NUMBER**

THE IMPACT OF AN INCREASED LIFESPAN ON YOUR RETIREMENT FINANCES

Living to the ripe old age of 100 could require an additional £260,000 in pension wealth to ensure a comfortable retirement, compared to someone living until the current average life expectancy, according to the Office for National Statistics (ONS)[1].

In 2022, the ONS estimated 15,120 centenarians (people aged 100 years and over) lived in England and Wales, an increase of 3.7% from 2021. The number of centenarians has more than doubled since 2002 (including a doubling of the numbers aged 105 years and over from 300 in 2002, to 640 in 2022).

Similarly, those planning a moderate retirement may need an extra £121,000 in pension wealth if they live beyond the average life expectancy. These calculations stem from the 2022 Pensions and Lifetime Savings Association (PLSA) Retirement Living Standards[2].

RETIREMENT LIVING STANDARDS AND PENSION POT CALCULATIONS

The standards suggest that single retirees need a private pension income of £15,383 for a moderate retirement and £32,882 for a comfortable one, assuming they have a full State Pension. Interactive investor computations consider someone retiring at 66 and using income drawdown to extract this income from their pension pot.

Life expectancy significantly influences the size of the pension pot you will need, as those living longer may require a substantially larger pension pot to last throughout their retirement. Despite a slight decrease in life expectancies during the Covid pandemic, the number of individuals over 90 actually increased by 2% in the year leading up to 2022, according to recent ONS estimates.

MODERN MEDICINE AND PENSION PLANNING

The advancements in modern medicine are enabling more people to maintain good health for longer periods, impacting our pension planning. With an increasing number of us reaching advanced ages, predicting how long our pension needs to last can be challenging.

Typically, retirees need their pension pot to sustain them for about 17 to 20 years, with women outliving men by an average of three years. However, these are just averages, and many people live beyond 90 years old, requiring their pensions to last significantly longer.

IMPLICATIONS OF LIVING UNTIL 100

If you live until 100, you might need £260,000 more than if you lived until 83 years old. Running out of money could result in dependence on the State Pension alone, providing only a basic, frugal retirement.

It's also crucial to account for potential care home costs as part of your retirement planning. The average nursing home now charges approximately £61,000 per year, meaning two years in a care home could cost around £122,000, though home care costs are generally lower[3].

ROLE OF WORKPLACE PENSIONS IN RETIREMENT SAVINGS

Fortunately for those still in employment, nearly all workers automatically contribute to a workplace pension, which can accumulate significantly by retirement. Keeping track of your savings and ensuring you're on course to meet your retirement objectives is essential. ◀

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REQUIRE FURTHER GUIDANCE OR ADVICE?

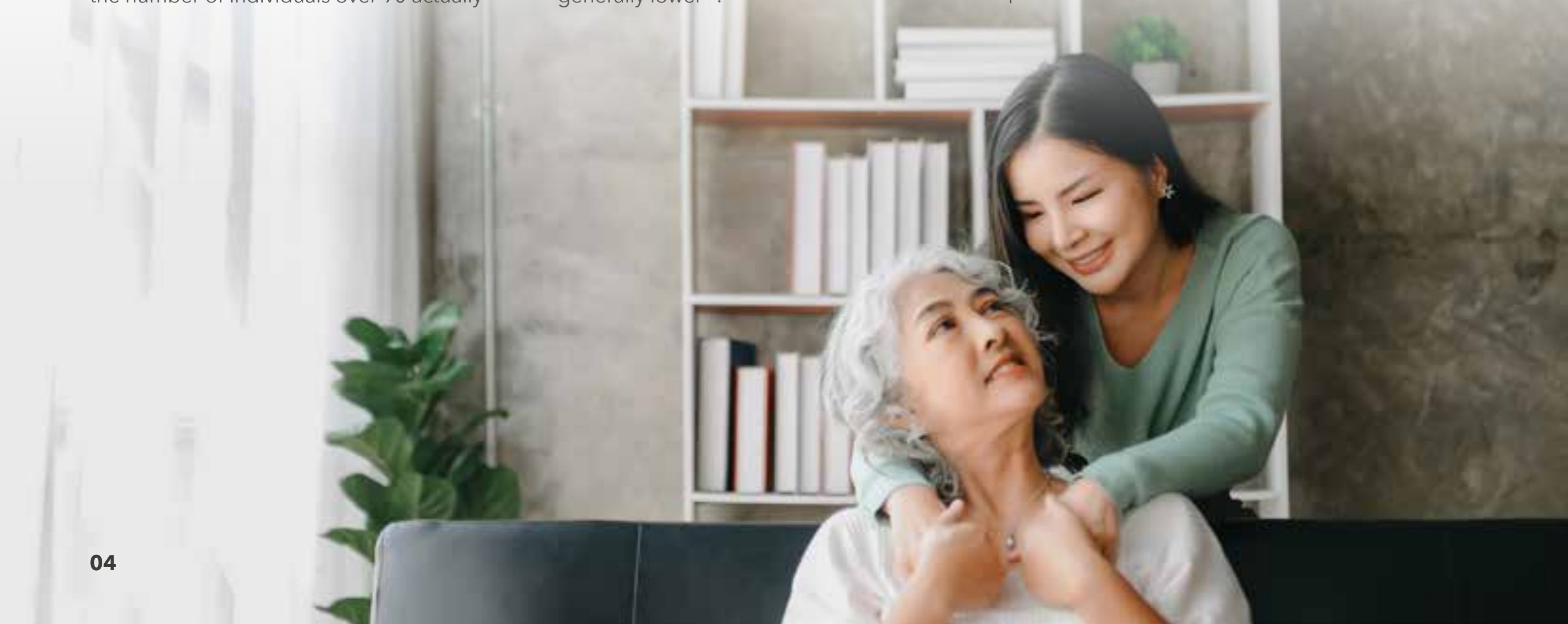
If you require additional information or guidance, don't hesitate to get in touch. We're here to assist you in making informed decisions about your retirement planning.

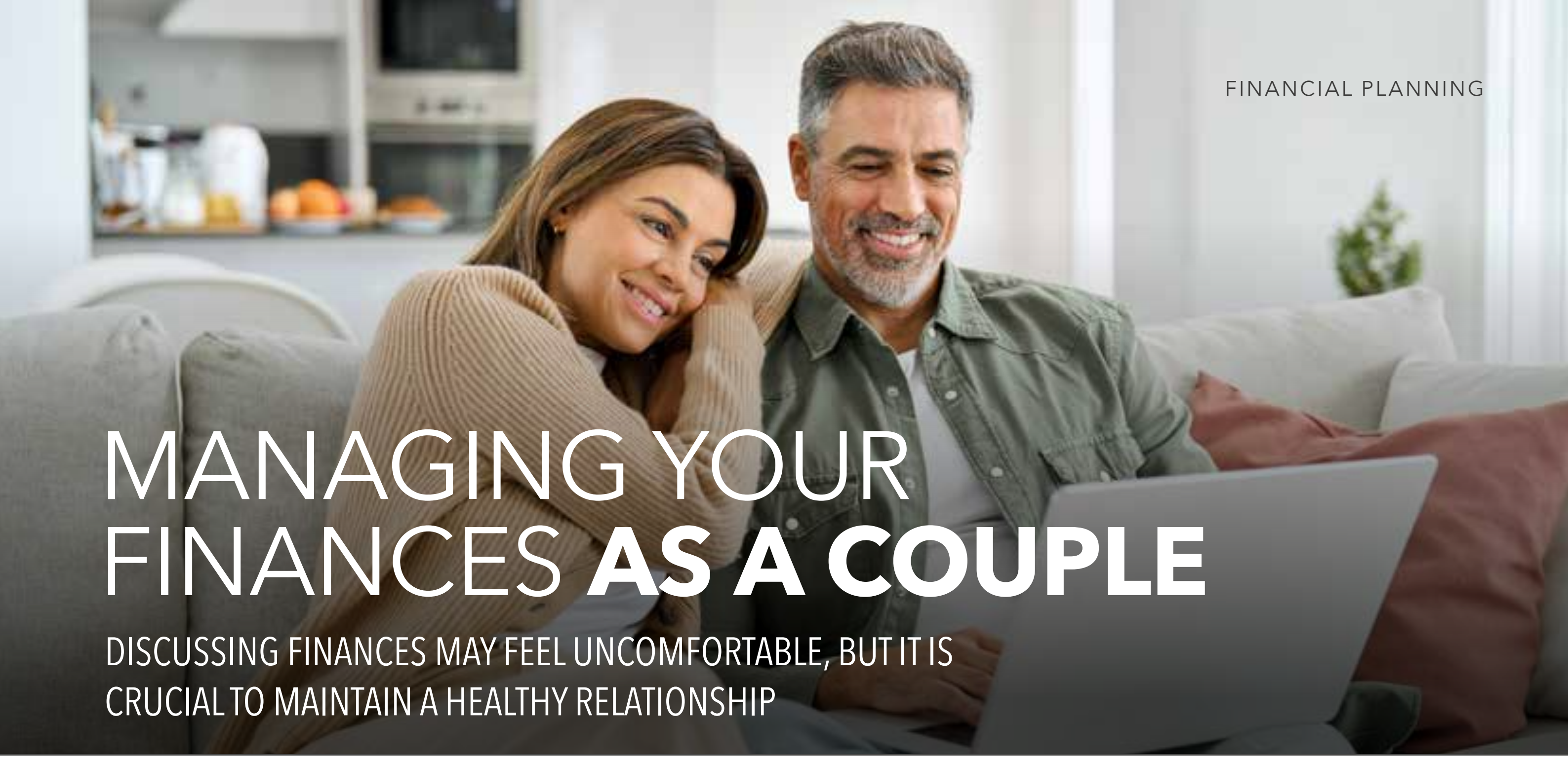
Source data

[1] https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/bulletins/estimatesoftheveryoldincludingcentenarians/2002to2022#population-growth-of-those-aged-90-years-and-over-in-england-and-wales

[2] https://www.retirementlivingstandards.org.uk/

[3] https://www.ons.gov.uk/economy/inflationandpriceindices/articles/ exploring howtheaverageprice ofindividuali temshaschanged inthelastyear/2023-05-03





MANAGING YOUR FINANCES **AS A COUPLE**

DISCUSSING FINANCES MAY FEEL UNCOMFORTABLE, BUT IT IS CRUCIAL TO MAINTAIN A HEALTHY RELATIONSHIP

Transparency is the foundation of any strong relationship, which holds true regarding financial matters. It is easy to fall into the trap of assuming that you and your partner have similar financial habits and attitudes.

STAY ON TRACK AND WORK TOGETHER

Open conversations about finance can help set expectations, resolve issues, formulate a budgeting plan that suits both partners and construct a robust financial plan. Aim to establish mutual goals. Having individual life objectives is commendable, but it might be easier to stay on track if you feel you're working together. Setting one or two shared goals provides a tangible target for you as a couple.

The significance of setting goals cannot be overstated. It helps determine how much money needs to be saved and where it should be invested. For instance, placing this fund in a low-risk cash savings account would be prudent if the goal is to upgrade to a larger property in three years. This strategy eliminates the risk of the savings plummeting in value right before they are needed.

However, if appropriate, consider investing funds in the stock market for long-term goals spanning ten or more years. This approach allows your money to grow over time, helping you achieve your goals faster.

TAX-EFFICIENT INCOME AND GROWTH

Tax planning might not be the most appealing topic, but it offers several opportunities that could help your money stretch further. For example, Individual Savings Accounts (ISAs) allow each partner to invest up to £20,000 a year (2023/24), offering the advantage of tax-efficient income and growth. If both partners open an ISA, a combined £40,000 is shielded annually from Income and Capital Gains Tax (CGT).

If your ISA allowances are exhausted, the CGT exemption permits each partner to realise tax-free investment gains of up to £6,000 in the 2023/24 tax year. Married couples or those in a registered civil partnership can transfer investments between one another tax-free, effectively doubling the CGT exemption to £12,000. Remember that the CGT exemption will be reduced to £3,000 from 6 April 2024.

The personal savings allowance provides an amount of interest that can be earned without tax. This is £1,000 for basic rate taxpayers, £500 for higher rate taxpayers and nil for additional rate taxpayers. Married couples or those in a registered civil partnership could consider transferring savings between each other to maximise each partner's personal savings allowance.

AVOIDING SUBSTANTIAL FINANCIAL HARDSHIP

Discussing life's darker aspects, such as death and illness, may not seem ideal for a romantic evening, but it's crucial to ponder how your finances would fare if the worst were to happen. As partners, your financial lives are likely deeply entwined; a serious illness or demise of one could lead to substantial financial hardship for the other.

We're here to help you navigate these difficult conversations and decisions. We can assist you in selecting the right protection policies and levels of cover tailored to your unique circumstances.

WEALTH AND ASSETS ALLOCATED ACCORDING TO YOUR WISHES

This is also an opportune time to consider drafting a Will. Creating a Will ensures that your wealth and assets are allocated according to your wishes. This vital document guarantees that your money and other possessions go to the intended recipients, fulfilling your wishes.

Having a Will becomes even more crucial if you're not married or in a registered civil partnership. Even after living together for years, without a Will you have no legal rights to your partner's estate if they pass away. ◀

READY TO TAKE THE FIRST STEP TOWARDS A SECURE FINANCIAL FUTURE?

Whether it's deciding on the right insurance cover, drafting a Will or simply creating a budget, we are here to assist. If you need further information or have any questions, please do not hesitate to contact us. Your secure financial future is our priority.

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 CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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

PLANNING FOR **AN EARLY RETIREMENT**

LIVING LIFE TO THE FULLEST AND ACCOMPLISHING LONG-HELD DREAMS

Early retirement typically signifies reaching financial autonomy before the statutory pension age, usually in the mid-60s. In the United Kingdom, retirees can begin drawing their State Pension at age 66. However, this retirement benchmark is set to increase to age 67 by 6 April 2028.

Consequently, the early retirement age could be anywhere in your early 60s. Yet, for most, the concept of early retirement begins at age 55, when individuals can start drawing on their personal or workplace pension savings. However, this age is also due to increase to 57 from 6 April 2028.

ASPECTS OF LIFE

During the early retirement phase, the focus tends to be on living life to the fullest and accomplishing long-held dreams. One's spending might then reduce as activity levels decline, only to surge again later, possibly due to rising care needs.

It's common for individuals to either overestimate their health or underestimate their lifespan. As average life expectancy gets longer, some people may spend over 20 years or more in retirement – over twice our grandparents' duration. Yet, as with many aspects of life, this depends on luck.

COMPLEX CALCULATION

In fundamental terms, full retirement implies that your lifetime expenses should not surpass your income plus any remaining assets, such as savings and investments. This can be a complex calculation in many instances. It will require you to weigh your pension and other income sources against your expenditure and evolving needs as you age.

Simultaneously, it's crucial to consider investment returns and inflation, which refers to the rising cost of living. As we have recently witnessed, everyday prices can escalate rapidly, significantly diminishing the purchasing power of a fixed income or cash savings.

MULTIPLE FACTORS

Embracing early retirement doesn't necessarily translate to a full-stop on professional life. Instead, many individuals transition into more flexible, part-time roles or switch toward volunteering. This shift allows retirees to sidestep less appealing aspects of working life, such as long commutes or stressful work environments while reaping employment benefits.

Unfortunately, early retirement due to ill health isn't a choice but a necessity, creating unique challenges for some. Time constraints limit opportunities to plan and build retirement finances. Additionally, careful planning for care and support becomes a priority. Making the decision to retire early is significant and requires thorough consideration of multiple factors.

To determine whether you can retire early, you will need to assess your financial standing. This means calculating your total pension pots, tracking lost ones and considering other possible income sources or debts. Additionally, you need to envision your ideal early retirement lifestyle and estimate its costs. ◀

READY TO DISCUSS NAVIGATING YOUR RETIREMENT JOURNEY?
To retire early, starting to plan sooner rather than later is essential. The earlier you start saving, the harder your money can work for you. Please contact us for further information or assistance in navigating your retirement journey. We're here to help you plan for a secure and fulfilling future.

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.

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

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

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

WEALTH ACCUMULATION

VALUABLE INSIGHTS THAT CAN IMPACT AN INVESTMENT STRATEGY

With the ever-evolving landscape of investment, it's not hard to see why it might appear daunting. The investment world is equivalent to a living, breathing entity constantly evolving and changing. It's a landscape that never remains static, mirroring the dynamic nature of global economies and financial markets.

Market conditions are like shifting sands, unpredictable and often beyond control. They can be impacted by many factors, such as political events, economic indicators, corporate earnings reports and even natural disasters.

SIFTING THROUGH THE NOISE AND IDENTIFYING VALUABLE INSIGHTS

In addition to the ever-changing market conditions, investors are inundated with a ceaseless news stream. Breaking news, financial analysis, expert opinions and economic forecasts are examples of the information barrage investors face.

While beneficial for making informed decisions, this constant flow of information can also lead to information overload. Sifting through the noise and identifying valuable insights that can genuinely impact one's investment strategy can be challenging.

GROWING YOUR INITIAL INVESTMENT VIA COMPOUNDING

One of the most effective ways to accumulate wealth is to start investing early. It's not about waiting until you've amassed a significant sum of cash or savings; it's about leveraging the power of compounding.

Compounding is equivalent to a snowball effect, where the money you earn through investments generates more earnings. You're growing your initial investment and any accumulated interest, dividends and capital gains. The longer you stay invested, the more time there is for your returns to compound.

REGULARITY IS A KEY INVESTMENT DISCIPLINE

Investing regularly is as important as starting early. Doing so ensures that investing remains a priority throughout the year rather than a task confined to specific deadlines like year-end tax planning. This disciplined approach can aid in wealth accumulation over time. Regular investments also allow you to easily navigate different market conditions (rising, falling, flat), eliminating the need to time your investments perfectly.

By consistently investing a fixed amount, you can buy more when prices are low and less when they're high, potentially reducing your long-term investment cost. Moreover, investing small amounts continuously can help balance returns over time and decrease overall portfolio volatility.

EXPANDING INVESTMENT HORIZONS

The investment world offers a simple yet powerful mantra to manage risk and enhance the likelihood of success – diversify your portfolio. This strategy involves spreading your investments across various asset classes, geographical markets and industries. But what makes this approach so crucial?

Financial markets are not uniform entities; they do not move in sync. Different types of investments or asset classes, such as cash, fixed income and equities, will lead or lag at different stages in the market cycle. They may also react differently to environmental factors such as inflation, corporate earnings forecasts and interest rate changes.

HARNESSING MARKET MOVEMENTS

Diversifying your portfolio places you in an advantageous position to seize opportunities across various investments as they emerge. This strategy usually results in a smoother investment journey. But how? The answer lies in the balancing act that diversification encourages. Investments that appreciate in value can offset those that are underperforming.

Applying these principles of successful investing can help ensure that your portfolio is poised for long-term growth, equipped to navigate temporary market volatility and ready to capitalise on opportunities as market conditions evolve. ◀

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WILL YOUR INVESTMENTS ENABLE YOU TO ACHIEVE YOUR FINANCIAL AND LIFE GOALS?

Despite these challenges, it's crucial not to let this deter you from embarking on your investment journey. While investing may seem daunting at first glance, it's a journey that can lead to substantial financial growth and security when undertaken with due diligence and strategic planning. If you require further information or want to discuss your investment journey, we're here to help you navigate the complex investing world and achieve your financial and life goals.

WHAT WILL **YOUR LEGACY LOOK LIKE?**

EFFECTIVE INHERITANCE TAX PLANNING IS A CAREFUL BALANCING ACT

Once a concern only for the very affluent, Inheritance Tax (IHT) is now an issue for many ordinary families, who may find themselves handing over an unprecedented portion of their estates to the taxman. This shift results from years of house price growth, inflation and stagnant tax thresholds. The Office for Budget Responsibility anticipates that IHT will bring in £7.2 billion in the fiscal year 2023/24[1].

Effective IHT planning is a careful balancing act. It's about ensuring you can live comfortably and meet your care needs while also considering how to pass on your wealth in the most tax-efficient way. Navigating these complexities can be challenging, but it's entirely manageable with open communication and careful planning.

Typically, IHT applies at a rate of 40% on the value of an estate above the 'nil rate' allowance of £325,000 (which has been frozen until April 2028). This figure escalates to £500,000 if a primary residence is bequeathed to a direct descendant. Assets passed to a spouse or registered civil partner are exempt from this tax.

VALUABLE RELIEFS AND THE SEVEN-YEAR RULE

A variety of reliefs exist that enable families to protect more of their estate from IHT. The most significant of these is arguably the seven-year rule. This provision allows certain gifts to be tax-free, provided the giver survives for seven years after making the gift. However, this seemingly straightforward rule is fraught with potential pitfalls that could result in an unexpected bill from His Majesty's Revenue & Customs (HMRC).

Estate planning is a complex endeavour. Prudent giving requires sufficient funds to support a long life and cover care costs. Here, we explore the main tax traps that could cost you thousands and provide guidance on avoiding them.

COMPLICATIONS OF GIFTING PROPERTY

Often, the most valuable asset in an estate is the family home. However, the rules regarding property transfers are stringent. It is a widespread misunderstanding that transferring the legal ownership of a property to children while the parents continue to reside there will sidestep IHT. Such a transfer would be considered a 'gift with reservation' by the HMRC, as the original owner continues to benefit from the asset.

AVOIDING THE 'GIFT WITH RESERVATION' PITFALL

A parent wishing to transfer ownership but continue living in the family home would need to pay market rent to the new owner to avoid this situation. The HMRC would require a signed rental agreement specifying an annual rent review and evidence of payments.

Transferring ownership of your home while you continue to reside in it carries inherent risks, as you depend on the new owners not selling the property. Placing the property into

> **IF YOU DIE AFTER AGE 75, YOUR BENEFICIARIES WILL PAY INCOME TAX ON MONEY TAKEN OUT OF THE PENSION AT THEIR USUAL RATE. BENEFICIARIES CAN REDUCE INCOME TAX ON INHERITED PENSIONS BY WITHDRAWING MONEY GRADUALLY.**

a trust can help manage this risk, though this approach has its own costs and complexities.

BESTOWING GIFTS AND UNDERSTANDING THE TAX IMPLICATIONS

Giving gifts can be a joyous act, but it's crucial to understand the context when it comes to IHT. If you pass away within seven years of giving a gift, IHT may be charged on the amount exceeding the £325,000 allowance. This is based on a sliding scale and if death occurs within three years, the usual 40% rate applies on amounts above this allowance.

For gifts that potentially violate the seven-year rule, if the gift exceeds the available Nil Rate Band Allowance, there would be tax on the recipient. If this isn't addressed, the deceased's estate typically handles the tax, which can become complicated with multiple beneficiaries.

TAX-FREE ALLOWANCES AND THEIR EXCEPTIONS

Certain allowances are exempt from the seven-year rule. You can give up to £3,000 each tax year without it being considered part of your estate later. However, this allowance hasn't changed for over four decades, and inflation has significantly diminished its value.

The annual allowance can be divided among several people or given to one individual, and unused allowance can be carried forward by one tax year. You can also give a tax-free gift £5,000 to a child or stepchild for their wedding or registered civil partnership. For a grandchild or great-grandchild, it's £2,500, and £1,000 for any other person.

REGULAR GIFTS FROM EXCESS INCOME

Regular gifts from your surplus income are exempt from tax, provided they don't impact your standard of living. These gifts must come from your regular income rather than the sale proceeds of a property. They might include payments into a child's savings account or to cover your child's rent. HMRC closely monitors this relief, so it's important to maintain detailed records of the amounts given.

MAXIMISING YOUR PENSION BENEFITS

Pensions are one of the most tax-efficient benefits in life and after death. They usually don't form part of your estate for IHT purposes, though this doesn't apply to money already drawn from a retirement pot. However, there may be Income Tax to pay depending on when the donor dies and how the benefits are taken.

If you die after age 75, your beneficiaries will pay Income Tax on money taken out of the pension at their usual rate. Beneficiaries can potentially reduce Income Tax on inherited pensions by withdrawing money gradually, and this also depends on their overall level of income

ROLE OF TRUSTS IN PLANNING

Trusts are versatile tools that play a significant role in estate planning. Individuals often opt to transfer gifts through trusts, which allows them to control the timing and purpose of the money's accessibility. This method ensures that the beneficiary can only access the funds under specific conditions, at a predetermined time, or at the trustee's discretion.

Moreover, life insurance policies can be integrated into an appropriate trust. This strategy ensures immediate access to funds for settling an IHT bill. Establishing a trust for your life insurance policy can provide a quick solution to potential IHT duties, preventing delays in the disbursement of the estate.

POWER OF ATTORNEY IS AN ESSENTIAL TOOL IN ESTATE PLANNING

Having a Power of Attorney in place is another crucial element of IHT planning and may require Court of Protection approval. It allows you to appoint someone you trust to make decisions on your behalf if you cannot do so. Knowing that your wishes will be respected even if you cannot express them personally can provide peace of mind.

DEPRIVATION OF ASSETS AND AVOIDING POTENTIAL PITFALLS

The term 'deprivation of assets' refers to deliberately disposing of property, assets or income to avoid care fees. If a local authority believes you've intentionally given away assets to evade these fees, they can charge you as if those assets were still part of your estate. Unlike the seven-year rule for gifts and IHT, there's no time limit here – a local authority can investigate the disposal of assets going back decades. ◀

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NEED HELP WITH INHERITANCE TAX PLANNING?

Inheritance Tax planning is complex, but with our advice, we could help you mitigate or reduce a potential tax bill with careful consideration and planning. You've worked hard to build up your wealth. So, it could be a good time to plan so your loved ones can get the most from the estate you intend to leave behind. For more information or guidance, please contact us.

Source data:

[1] https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/inheritance-tax/

PRE-YEAR-END **TAX PLANNING**

TAX-SAVING ACTIONS TO TAKE BEFORE THE DEADLINE

As we approach the end of the current tax year on 5 April 2024, it's an opportune moment to examine both your personal and business finances to ensure they are structured to optimise your tax efficiency. Despite the ongoing freeze on many tax rates and thresholds, numerous strategies remain for organising your financial matters tax-efficiently.

BALANCING INCOME FOR TAX EFFICIENCY

When it comes to managing your finances, one aspect that often goes overlooked is the balance of income between partners. Individuals and their spouses or registered civil partners may have differing income levels. This disparity can sometimes result in a higher tax rate being applied unnecessarily. For instance, if the person earning more and taxed at a higher rate holds the investment income instead of their spouse or registered civil partner.

In such scenarios, and if appropriate, it can be more beneficial for the lower-earning spouse to receive the investment income. This way, it's taxed at a lower rate, thereby maximising the couple's net income. Therefore, it's important to review who owns what and consider balancing assets between each other. It should be possible to equalise income-producing assets between spouses and registered civil partners tax-efficiently. However, careful structuring is required to ensure no unexpected tax liabilities arise from this.

LEVERAGING INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

Another key aspect of financial management is making the most of your Individual Savings Account (ISA) allowance. ISAs offer both income and gains growth in a tax-efficient manner. Moreover, withdrawing funds from an ISA is also tax-efficient, making it an attractive option, particularly when used alongside pensions for retirement planning.

MAXIMISING YOUR ISA ALLOWANCE

Each adult can invest up to £20,000 in the current tax year into an ISA. This means a couple could double up to put £40,000 into ISAs each tax year, sheltering the growth in these funds from Income/Capital Gains Tax. This allowance is a 'use it, or lose it' scheme, as it's not possible to roll over any unused amounts to another tax year.

UNDERSTANDING DIFFERENT TYPES OF ISAS

ISAs come in four different types, each catering to different types of investments: Cash ISAs, Stocks & Shares ISAs, Innovative Finance ISAs, and Lifetime or Help to Buy ISAs. The latter comes with a 25% tax-free bonus of up to £1,000 per year. You can distribute your £20,000 ISA allowance across these four types of accounts as you see fit. You can also make multiple subscriptions to the same type of ISA account with one provider of each type. However, a limit of £4,000 per year can be invested in a Lifetime ISA.

CONSIDERING ISAS FOR CHILDREN

If you have minor children, you or a relative can invest up to £9,000 per child in the current tax year into a Junior ISA. This allows the funds/investments to grow tax efficiently, which could help with their further education or house deposit, as they will gain access and control of the funds when they turn 18 years old. Adult children could use gifts you make to them to invest in a Lifetime ISA and maximise the tax-efficient bonus available to them.

CAPITALISING ON DIVIDEND INCOME

When it comes to diversifying your investment income, have you considered the potential of dividends? This type of income can be particularly appealing as it's taxed at a lower rate compared to other sources. Reviewing your anticipated tax exposure is essential to understand whether holding these investments within an Individual Savings Account (ISA), equalising your holdings with your spouse or registered civil partner, or opting for an alternative investment would be more beneficial.

For those who own companies, evaluating if the low-salary/high-dividends strategy still offers the most tax-efficient approach is imperative. This strategy may not always be the most beneficial, and regular reviews are necessary to determine if there are more effective ways to draw funds from the company.

MITIGATING THE IMPACT OF INCOME TAX THRESHOLDS

Income Tax thresholds can significantly impact you, especially if your income level is just above the basic or higher rate Income Tax band thresholds. In such cases, mitigating the impact by claiming Income Tax relief on Gift Aid donations, pension contributions or tax-efficient investments could be wise.

EXAMINING TAPERING THRESHOLDS

The value of Income Tax relief becomes even more apparent if you find yourself within the tapering thresholds. These include the High Income Child Benefit Charge (£50,000 – £60,000), where Child Benefit is clawed back; the tax-free childcare threshold of £100,000 a year (where you lose the 25% government top-up if at least one parent earns more than £100,000); or the Personal Allowance threshold

(£100,000 – £125,140), where the Personal Allowance is reduced by £1 for every £2 over that threshold. If you exceed these thresholds, you could be subject to an effective tax rate of 60% or more.

BOOSTING YOUR INCOME WITH PERSONAL PENSION CONTRIBUTIONS

Adding to your personal pension contributions can significantly boost your Income Tax relief. The gross contribution is what benefits your pension policy. However, it's essential to tread carefully and avoid breaching the annual allowance, as this could invalidate the Income Tax relief on your excess pension contribution. As a reminder, reviewing any unused annual allowance for the 2020/21 tax year by 5 April 2024 is crucial, as any unutilised allowance will be lost after three tax years.

CAPITALISING ON YOUR CAPITAL GAINS ANNUAL EXEMPTION

The annual exempt amount for Capital Gains Tax (CGT) will significantly reduce from £6,000 to £3,000 from 6 April 2024. If you're contemplating selling any assets in the near term, expediting the sale before 6 April 2024 may be worthwhile. This action could potentially save up to £840 of CGT per person. Remember, the annual Capital Gains exemption cannot be carried forward if it's unused, so ensure you utilise it each tax year.

Now is an opportune time to understand your current potential exposure to CGT on your assets. This understanding can help you gauge the impact of selling or gifting them to a family member, especially if you're considering succession planning. It's also crucial to review if you are utilising or maximising all available reliefs, such as the Business Asset Disposal Relief (formerly Entrepreneurs' Relief).

LEVERAGING YOUR INHERITANCE TAX (IHT) ALLOWANCES

As part of your review of assets, projected income levels and needs, it's important to consider whether gifting funds or assets to your children or grandchildren is appropriate. This could serve several purposes, such as supporting their education, helping them get on the property ladder or even reducing your own IHT exposure. Currently, IHT is payable at 40%, where a person's assets on death and any gifts made during the seven preceding years total more than the nil rate band (NRB) and the residence nil rate band (RNRB).

The NRB is currently £325,000, and the RNRB is up to £175,000; these are fixed at this level until April 2028. Ensure you use the allowances available each year, such as the small gifts allowance of £250 or the annual IHT allowance of £3,000. Don't forget about gifts on consideration of marriage (£5,000 to children, £2,500 to grandchildren and £1,000 to anyone else).

REVIEW YOUR WILLS

Lastly, reviewing your Wills to ensure they are still valid and provide the protection and benefits you want for your loved ones is crucial. ◀

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READY TO DISCUSS HOW TO MAKE THE MOST OF THESE PLANNING OPPORTUNITIES?

Don't hesitate to contact us for further information or assistance navigating these complex financial matters. We're here to help guide you through these decisions and to ensure you're making the most of your financial opportunities before 5 April.

ADJUSTING YOUR **PENSION PLANS**

HOW COULD THE NORMAL MINIMUM PENSION AGE CHANGE AFFECT YOUR PLANS?

In the ever-evolving landscape of retirement planning, a significant shift is on the horizon that could potentially impact when you can access your pension funds. The normal minimum pension age (NMPA), or the age at which you can start withdrawing from your pension savings, is currently set at 55.

There are a few exceptions to this rule – for instance, in cases of ill health or if you have a lower protected pension age. However, this standard generally applies across the board.

UPCOMING SHIFT IN NMPA

But from the 6 April 2028, the NMPA will rise to 57. Depending on your birth date, this shift could affect you in various ways. If your birthday falls after 5 April 1973, it's advisable to reassess any pre-existing plans to see whether this change could impact them.

For instance, you might need to factor in an additional couple of years of saving, which could alter the retirement income available to you when the time comes. On the other hand, if you hadn't planned on touching your pension savings until you turned 57, there's no need for any immediate action.

REGULARLY REVIEW YOUR RETIREMENT PLANS

Although the change is still four years away, regularly reviewing your retirement plans is a beneficial habit to cultivate. This is especially true as you approach the age at which you wish to start withdrawing your pension savings.

BORN BETWEEN 6 APRIL 1971 AND 6 APRIL 1973?

If your birthday falls between these dates, you have two choices. Think carefully about which option best aligns with your circumstances.

ACCESS YOUR PENSION SAVINGS BEFORE THE WINDOW CLOSES

If you'd prefer not to wait until 57 to start withdrawing your pension savings, you'll need to begin accessing your funds after you turn 55 but before 6 April 2028. Accessing your pension savings doesn't necessarily mean withdrawing large or regular amounts. You have the freedom to determine the withdrawal size that suits your needs. However, seeking professional financial advice is crucial if you choose to access your savings during this window.

Also, remember that leaving your pension savings invested for longer could allow them to grow. Furthermore, for most people, withdrawing taxable money from your plan could reduce the amount you can contribute to your plan. This is known as the 'money purchase annual allowance'.

WAIT UNTIL YOU TURN 57

Alternatively, you can choose to wait. If you weren't planning on accessing your pension savings before age 57, there's no need for action. You can access your pension savings from age 57 onwards at a time that suits you. Just remember, if you don't withdraw anything before 6 April 2028, you'll lose the opportunity to access your pension before age 57.

BORN ON OR BEFORE 6 APRIL 1971?

If you were born on or before 6 April 1971, rest easy. The upcoming change won't affect you or your retirement plans, as you'll already be 57 by the time it takes effect.

REVIEW YOUR RETIREMENT DATE

Reviewing your retirement date is crucial if you're on your journey towards retirement but haven't reached the finish line yet. Surprisingly, your plan might still indicate your 55th birthday as the day of retirement, even if current regulations prevent you from accessing your funds at that age. This discrepancy could affect your financial plans, making examining and adjusting your retirement date critical.

It's worth noting that your retirement date isn't rigid. You're free to alter it whenever you feel the need. However, the date you select can significantly impact your pension plan and, subsequently, your financial stability during retirement.

INFLUENCE OF YOUR RETIREMENT DATE ON PENSION INVESTMENTS

If your retirement date is pegged at your 55th birthday, and you don't plan to access your funds until you're 65, there's a clear misalignment between your investment strategy and your actual retirement plans. This discrepancy could affect your pension savings' value when it's time for withdrawal.

A mismatch between your retirement date and actual retirement plans can lead to unplanned financial outcomes. For instance, if your investments shift towards lower-risk areas prematurely due to an inaccurately set retirement date, you may miss out on potential growth in your pension pot's value. Conversely, if your retirement date is later than when you plan to retire, your investments may remain in high-risk areas for too long, exposing your savings to unnecessary market volatility. ◀

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WANT TO DISCUSS YOUR RETIREMENT DATE AND ITS IMPACT ON YOUR RETIREMENT PLANS?

The reality is your retirement date matters. It's more than just a day on the calendar; it's a crucial factor affecting your financial future. So, don't let an outdated or inaccurate retirement date throw off your investment strategy and jeopardise your hard-earned savings. Please contact us if you need more information or assistance adjusting your retirement date or understanding its impact on your pension plan.

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

HARNESSING THE POWER OF **GREEN PENSIONS**

ONE OF OUR MOST POTENT TOOLS IN MAKING SUBSTANTIAL STRIDES TOWARDS NET ZERO

Over recent years, our comprehension of the climate crisis has significantly transformed. Countries and organisations are becoming increasingly ambitious with their net zero targets, while many individuals are making lifestyle alterations to reduce their household carbon emissions. However, some remain oblivious that pensions represent one of our most potent tools for making substantial strides towards net zero.

A recent Green Pensions Report[1] reveals that whilst most Britons understand how to lessen their carbon footprint through behavioural changes, two-thirds (67%) are unsure how to transition to a 'green pension'.

Addressing this knowledge gap could empower UK consumers collectively to save up to 386 million tonnes of carbon emissions annually through their pensions[2] – the equivalent of 11 return flights from London to New York per person[3]. Despite this, savings and pensions are often overlooked in the conversation around individual impact on climate change.

GROWING APPETITE FOR RESPONSIBLE RETIREMENT SAVINGS

A green pension is a fund designed to produce returns for savers through environmentally beneficial investments. These funds typically have explicit environmental objectives, such as avoiding or reducing investments in industries like fossil fuels that generate substantial carbon emissions or focusing on investments that support carbon emission reductions.

The report delves into the rising interest in responsible retirement savings options among employers and employees. Key findings include:

- Three-quarters of UK consumers (74%) are interested in learning more about sustainable options for retirement savings.
- Yet, only 10% of the UK population has fully transitioned to green pensions, primarily due to a lack of information and access.
- Nearly a quarter (23%) of UK companies do not offer green or ethical pensions to their employees.

THE NEED FOR GREATER AWARENESS AND ACCESSIBILITY

The potential for green pensions to contribute significantly to our net zero goals is vast. However, there is a pressing need for increased awareness and accessibility to these sustainable retirement savings options. By bridging the information gap, individuals can make informed decisions about their pensions, contributing significantly to the fight against climate change. ◀

WANT TO KNOW MORE ABOUT SUSTAINABLE PENSIONS?

Together, we can leverage the power of pensions to create a more sustainable future. We'll help you navigate your retirement journey confidently and safely. Please contact us for further information or guidance on discussing your green pension options.

Source data:

[1] The research was conducted online by Opinium for Scottish Widows, polling 3,000 UK adults (18 and over) working, self-employed or looking for work and 1,000 HR DMs in companies of 1+ employees. Fieldwork was carried out between 25/08/2023 – 06/09/2023.

[2] 368 million tonnes of carbon saved by switching to a green pension was calculated as follows: 19 tonnes [Total carbon savings secured per person by switching pension to an equity-focused sustainable fund (Source: Make My Money Matter, 2021)] x 20,340,000 people [Number of people with a workplace pension who do not have a green pension (Source: ONS 2021 states that 22.6 million people have a workplace pension, SW Green Pensions Report 2023 found that 10% of respondents have a green pension (20,340,000 = 90% of 22,600,00)]

[3] The equivalent of 11 return flights from London to New York was calculated as follows: 19 tonnes [Total carbon savings secured per person by switching pension to an equity-focused sustainable fund (Source: Make My Money Matter, 2021)] ÷ 1.7 tonnes [Average amount of carbon dioxide emitted per person by a return trip from London to New York (Source: Wired 2021)]

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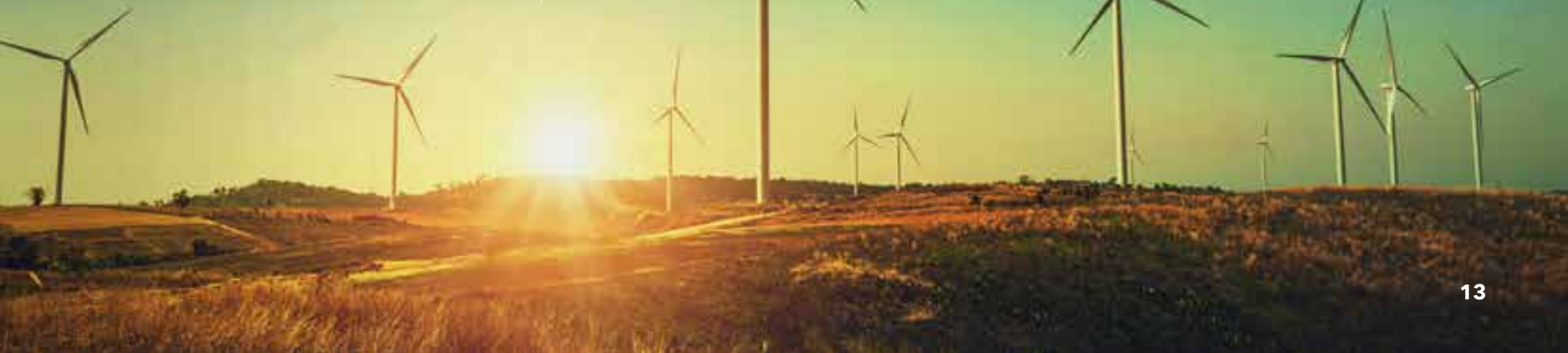


NAVIGATING THROUGH **DIVORCE**

SAFEGUARDING YOUR FUTURE FINANCIAL STABILITY AND PRESERVING YOUR WEALTH

Entering into marriage isn't done with the expectation of it ending in divorce, yet this distressing and strenuous event can be a reality for some. Managing finances may not be your immediate concern during such an emotional upheaval. However, obtaining professional financial advice can aid in safeguarding your future financial stability and preserving your wealth.

Women are likely to see their annual household income impacted in the first year following their divorce, falling by an estimated 41%, compared to just 21% for men, according to research[1]. So, the choices made during this emotionally charged and challenging period can carry far-reaching implications. Therefore, seeking legal and financial counsel is essential to fully comprehend your options and situation.

UNEXPECTED ANNOUNCEMENT OF THE DIVORCE

Have you recently decided to end your marriage? Or has your spouse unexpectedly expressed their desire to part ways? Hopefully, with the recent inception of 'no-fault' divorce, the decision has been reached mutually and cordially. The concept of a 'no-fault' divorce eliminates the need to place blame for the marital breakdown on either party. Instead, couples can jointly file for divorce, promoting a more harmonious dissolution process.

No matter the circumstances, obtaining professional advice can ease divorce, making it quicker and less distressing. We can assist you in comprehending the implications of any suggested settlement, ensuring the result is favourable for you before a legally binding agreement is reached.

Additionally, we support you post-divorce, for example, suggesting suitable financial products like a pension to receive any pension allocated from your ex-spouse and offering continual planning to safeguard the proceeds of your divorce to accomplish your long-term objectives.

ASSET SEPARATION AND POTENTIAL REALLOCATION

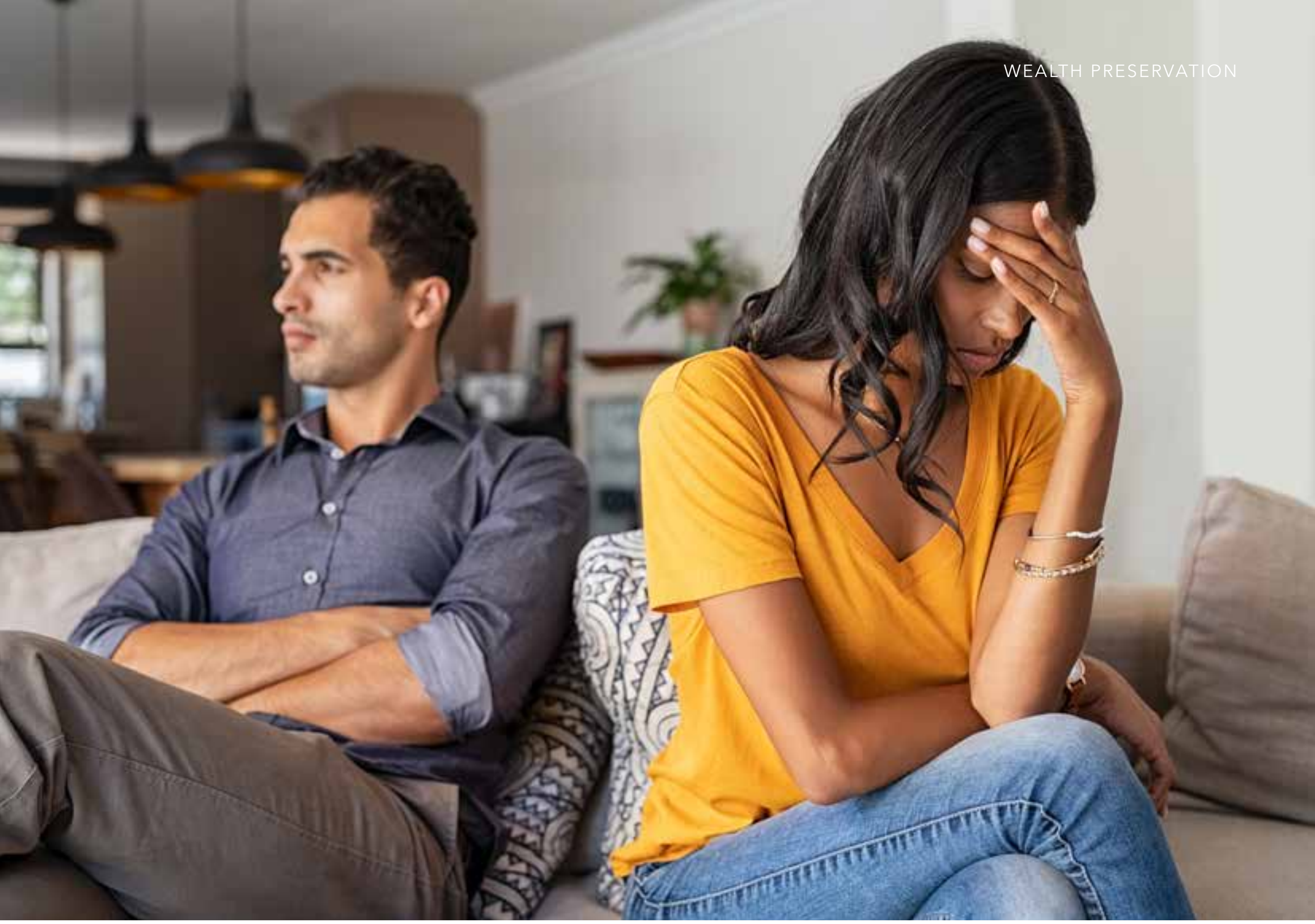
As a couple, your finances are likely intertwined, even if you have separate bank accounts, savings and investments. Upon divorce, a fair financial settlement reflecting both parties' needs should be agreed upon, leading to asset separation and potential reallocation.

Regardless of where your wealth lies – property, family businesses, Individual Savings Accounts (ISAs), trusts, pensions or other tax-efficient wrappers, we can evaluate the practical implications of splitting these assets and advise individually or jointly on the most appropriate course of action.

While men and women tend to agree that the division of their finances at the point of divorce is fair and equitable (53% men and 46% women), the research highlights that many women may be signing over their rights to a key financial asset.

PENSION WEALTH AT THE TIME OF DIVORCE

Additionally, despite the pressures on their finances, women are significantly more likely to waive their rights to a partner's pension as part of a separation (30% women vs. 17% men). This raises concerns about the ability of women who are divorcing to fund their retirement due to a significant gap in pension wealth at the time of divorce.



Understanding your marital and broader assets and discussing your post-divorce lifestyle aspirations is essential. We will consider your individual needs and those of any dependents in your care, including:

- Calculating your post-divorce income (earnings, State Pension, etc.) and assessing if it will suffice to maintain your desired lifestyle.
- Helping you comprehend the features, benefits and value of the assets under discussion, including complex assets like your and your spouse's pensions.
- Evaluating what may be available to you post-divorce, such as a share of marital assets, maintenance awards or your capacity to secure a mortgage, and employing cash flow modelling to explore various outcomes, demonstrating what will be most beneficial for you, practically and financially.
- Assisting you in determining necessary compromises – for instance, would selling your marital home to generate income be a more viable option?
- Collaborating with your team of legal professional advisers to achieve your desired results.

Throughout this journey, we are here to simplify complex matters and empower you to make practical, informed decisions, providing a solid foundation for your new beginning. ◀

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NEED ADVICE TO OPTIMISE YOUR FINANCES POST-DIVORCE?

As an integral part of your professional team, we will guide you in making informed decisions to secure your financial future. If you wish to discuss your situation, please don't hesitate to contact us. We're here to support you through your divorce and beyond.

Source data:

[1] Opinium Research conducted research between 20 November – 4 December 2023 among a nationally representative panel of 2,750 UK adults who are divorced.

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DIVORCE PLANNING IS NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

“REGARDLESS OF WHERE YOUR WEALTH LIES - PROPERTY, FAMILY BUSINESSES, INDIVIDUAL SAVINGS ACCOUNTS (ISAS), TRUSTS, PENSIONS, OR OTHER TAX-EFFICIENT WRAPPERS, WE CAN EVALUATE THE PRACTICAL IMPLICATIONS OF SPLITTING THESE ASSETS AND ADVISE INDIVIDUALLY OR JOINTLY ON THE MOST APPROPRIATE COURSE OF ACTION.”

THE **'BANK OF FAMILY'**

A £38 BILLION LIFELINE FOR MODERN PARENTS

In the challenging realm of parenting, an unexpected yet invaluable source of support has emerged – our parents and grandparents. Over the past 12 months, almost 42% of these seasoned family members, affectionately termed the 'Bank of Family', have assisted younger relatives with childcare.

Their dedication is significant, investing nearly a full working day (almost nine hours) each week in caring for their grandchildren. What is this aid's estimated value? A hefty £38 billion annually, as unveiled by recent research[1].

BALANCING WORK AND FAMILY, THE ROLE OF ELDERS

The latest statistics from the Office for National Statistics reveal that in 50% of working families, both parents are occupied full-time[2]. Striking a balance between professional commitments and parental duties is no mean feat, compelling many to seek help from their extended family.

Approximately 42% of parents and grandparents aged 55 and above have risen to this call, offering unpaid childcare over the past year. This help translates to roughly nine hours each week spent caring for children or grandchildren – a contribution valued at around £5,400 annually.

BEYOND FINANCIAL AID IS THE GIFT OF TIME

However, the 'Bank of Family' offers more than just childcare; it provides various forms of 'soft support' beyond financial gifts. The study found that over a third (31.1%) of parents and grandparents invited adult children back home to assist them in saving a deposit for their own place, circumventing an estimated £24,900 in outgoings.

Contrary to common belief, the 'Bank of Family' is about more than just financial support. As the research identified, people rely on their parents and sometimes wider family for many things – including the priceless gift of time.

RETIREMENT AND FAMILY OBLIGATIONS ARE A DELICATE BALANCE

The recent childcare reforms introduced to assist families are a commendable initiative. These changes aim to ease the financial and logistical burdens associated with raising children, particularly for working parents. However, many individuals continue to rely on their parents to bridge the childcare gap, enabling them to maintain their employment commitments.

This reliance on grandparents can create a complex dynamic as these individuals often navigate their own challenges associated with retirement. Retirement is a period that requires careful financial planning and adjustments to a new lifestyle. When the added responsibility of providing childcare support is thrust upon them, managing these dual responsibilities effectively can be an uphill task. Moreover, the current cost of living crisis has amplified financial pressures on all fronts. ◀

WANT TO DISCUSS PRIORITISING YOUR NEEDS AND WELL-BEING?

For those parents and grandparents who find themselves providing supplementary support, it's essential to navigate this role with care to ensure that it remains manageable in the long term. It's important to remember that while supporting their loved ones is admirable, they must also prioritise their needs and wellbeing. Please get in touch with us if you would like to discuss your financial situation or requirements.

Source data:

[1] Unless otherwise specified, all figures in the release are drawn from Legal & General's 2023 Bank of Family research.

[2] Office for National Statistics - Families and the labour market, UK: 2021.

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THE IMPACT OF DISABILITY **ON FINANCIAL PLANNING**

REPORT HIGHLIGHTS RETIREMENT SAVINGS MUST BE INCLUSIVE FOR EVERYONE

Disability significantly affects the financial planning of nearly a third of disabled individuals. This was the key finding of a report that highlighted the additional financial burdens people with disabilities in society suffer[1].

This emphasises the need to understand better and cater to the diverse needs of disabled and vulnerable individuals to make retirement savings inclusive for everyone. Worryingly, some 31% of disabled respondents admitted to their disability shaping their financial management strategies.

NOT SAVING SUFFICIENTLY FOR A COMFORTABLE RETIREMENT

What's even more alarming is that these findings align with another report, which revealed that 51% of disabled individuals are not saving sufficiently for a comfortable retirement, in contrast to the 45% of non-disabled individuals who feel unprepared for their post-work years[2].

This falls short of the minimum advised by the Pensions & Lifetime Savings Association (PLSA). The research further unveiled that the average annual income for a disabled person is projected to be a meagre £11,000. This is less than two-thirds of the £19,000 average predicted for individuals without disabilities.

DISCRIMINATORY WORKPLACE PRACTICES

The report also delves into the changes necessary to enhance the retirement prospects for disabled individuals. It sheds light on the struggles some disabled people face in making financial plans. These challenges often stem from discriminatory workplace practices and extra costs that hinder their ability to save for the future.

According to the report, there's a significant disparity in employment rates among individuals with disabilities and those without. Only 37% of individuals with a disability that severely hinders their activities are employed, while this number rises to 65% for those with a less limiting disability. However, both these percentages fall short of the 82% employment rate for individuals without any disability.

PRONOUNCED CHALLENGES FOR THE DISABLED

The variations in employment rates can substantially impact the lifestyle quality of disabled individuals. Retirement is a daunting prospect for many, but it poses more pronounced challenges for the disabled.

While pensions remain the cornerstone of most people's retirement plans, with millions investing in an employer-provided pension scheme, many disabled people will find it difficult to achieve a satisfactory retirement lifestyle. ◀

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NEED ADVICE, HELP OR SUPPORT WITH YOUR FINANCIAL PLANS?
This report highlights an urgent requirement for specific and targeted assistance for the disabled community to formulate later-life plans. If you would like to discuss your personal situation or that of a family member and require further information or support, please don't hesitate to get in touch. Together, let's work towards a more financially inclusive future.

Source data:

[1] Survey administered online by Quadrangle on 1614 members of the Scottish Widows Master Trust between 18/04/2023 – 16/05/2023.
[2] https://www.plsa.co.uk/Policy-and-Research/Topics/Retirement-Living-Standards

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YOUNG VISIONARIES **EYE EARLY RETIREMENT**

THE POWER OF SMALL CHANGES CAN LEAD TO A PATH TO SIGNIFICANT RETURNS

The dream of early retirement is alive and well among the younger generation. Still, to realise this dream, they must prepare to bolster their pension savings by an estimated 15%. A recent study has revealed that approximately one-fifth (17%) of youthful savers aged between 22 and 32 aspire to retire before reaching 60. Intriguingly, 70% anticipate retiring before the present State Pension age of 67[1].

This aspiration for early retirement among the young generation is commendable. Nevertheless, the research highlights that these savers must supplement their regular 8% contributions towards their workplace pensions by an additional £312 per month to realise this dream[2]. This translates to an extra 14.25% of their monthly income towards a workplace pension.

TAKING A CLOSER LOOK AT THE CURRENT STATE PENSION AGE

Even if the goal is to retire by the current State Pension age of 67, young savers still need to augment their workplace pension contributions by another 3.5%. This equates to an additional £72.50 per month, even after accounting for an annual State Pension boost of £10,600 upon retirement[3].

While setting aside an extra £312 each month may seem daunting for most young savers, it's essential to recognise the potential impact of compound growth. Even minor adjustments early in one's career can dramatically influence the overall retirement fund. The research highlighted that an extra contribution of just £30 per month from the age of 27 could result in an additional £100,000 in one's pension pot by the time one reaches the State Pension age.

THE GREATER THE POTENTIAL FOR GROWTH

Time is indeed the most powerful asset at the disposal of young savers when planning for retirement. The principle of compound interest works in their favour, allowing their savings to grow exponentially. The longer the time frame, the greater the growth potential, making early investment a crucial strategy in accumulating substantial retirement funds.

While retiring before age 60 may be attractive, it might not be a practical or attainable goal for everyone. Factors such as current income, financial obligations and lifestyle choices can significantly impact the feasibility of this goal. However, this doesn't mean a comfortable retirement is out of reach. Even small financial adjustments early in one's career can significantly impact retirement comfort. This could involve investing in a diversified portfolio, increasing contributions to retirement accounts or adopting a more frugal lifestyle to increase savings.

REMOVING THE BURDEN OF DECISION-MAKING

Introducing auto-enrolment schemes has been a significant milestone in promoting retirement savings. These schemes automatically enrol employees into pension plans, removing the burden of decision-making and making it easier for individuals to start saving. This approach has encouraged millions to build their nest eggs for retirement.

However, while auto-enrolment schemes have successfully got people to start saving, it's worth considering whether further changes are necessary to ensure that individuals have enough funds for a comfortable retirement. The default contribution rates set by these schemes may only be adequate for some, particularly when considering the rising living costs and the impact of inflation. Therefore, individuals may need to contemplate increasing their contributions or exploring other investment opportunities to secure a sufficient retirement income. ◀

ARE YOU SURE YOUR CURRENT SAVINGS WILL PROVIDE THE RETIREMENT YOU DESERVE?

We are here to help you craft a retirement plan tailored to your vision for retirement. If you need additional information or guidance on retirement planning strategies, please get in touch with us today to see how your money could be working harder for you and to move closer to your retirement goals.

Source data:

[1] Opinium Research conducted 2,000 online interviews of people aged 22-32 between the 15th and 29th August 2023.

[2] Analysis based on the following research and assumptions: CPI = 3%, Salary assumed to increase with CPI inflation + 1%, LEL and UEL in place and assumed to increase with CPI inflation, Median male salary at age 27 = 35,000, Median female salary at age 27 = 25,000, Investment return on pension pot, assuming broad 60/40 asset split, (7% p.a.), Assume basic rate taxpayer, and personal tax allowance of £12,570, increasing with CPI inflation, Based on single life, RPI, 5-year GMPP.

[3] State pension of £10,600pa, escalating with CPI inflation.

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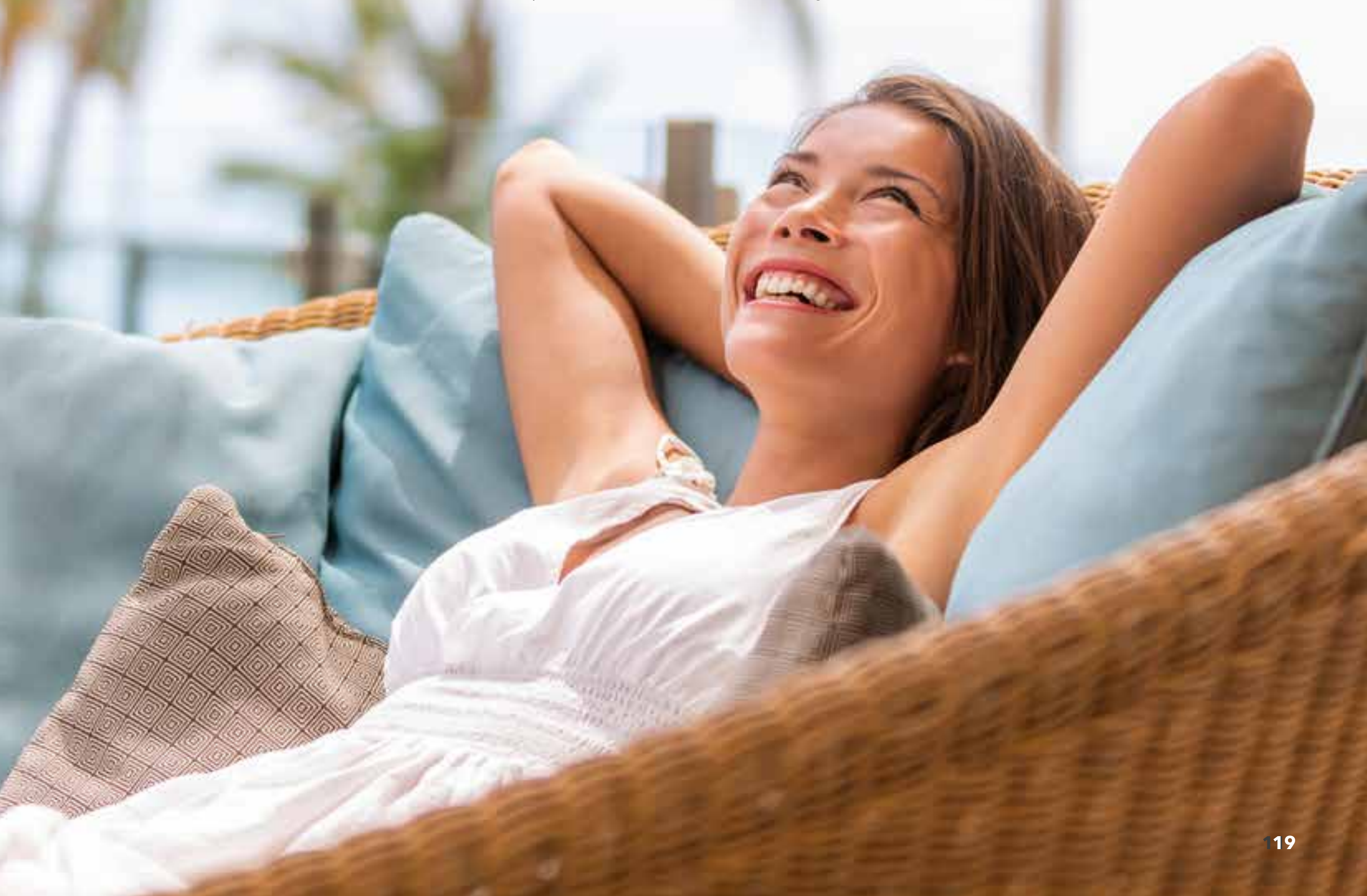

PENSION **PUZZLE**

RESEARCH HIGHLIGHTS THE GENDER DISPARITY IN FINANCIAL ENGAGEMENT

A recent study has identified an alarming discrepancy in financial confidence between genders. It shows that women are 33% more likely to confess to a lack of understanding about their pension operations[1]. This gap in comprehension could be a potential reason why some women seem less inclined to engage with pivotal financial products that promise better future outcomes.

For instance, the study reports that women are 38% less likely to possess Stocks & Shares Individual Savings Account (ISA) and 32% less likely to own a private pension. This reluctance towards financial engagement, coupled with other factors such as the persistent gender pay gap, could leave young British women (aged 22 to 32) with a mere £12,873 per year by their retirement in the 2060s.

ALMOST A THIRD MORE IN THEIR RETIREMENT FUNDS

Contrastingly, young men are predicted to have almost a third more in their retirement funds, garnering an average annual income of £19,803. Current savings trends suggest that young women can expect an average of £644,701 in their workplace pension pot (equivalent to £195,636 adjusted for inflation) when they reach State Pension age. This amount translates into an annual retirement income of approximately £42,421.

Although this might seem like a substantial income today, inflation adjustments predict that by the 2060s, this sum will shrink to a mere £12,873. Further contributing to the gender pensions gap is the significant gender pay gap. The research identified that by the age of 27, women earn £10,000 less than their male counterparts.

COMPOUNDING FACTORS OF THE GENDER PENSION GAP

This research doesn't factor in other elements that could negatively impact women's pension savings. These include lower representation in senior leadership roles, more frequent career breaks for childcare and a wider pension gap in reality. Current projections estimate that young women will have £300k less in their pension pots than their male peers by the time they hit State Pension age.

This staggering figure underlines the persistent gender pension gap. The report explains that the reasons behind this are manifold, including lower pay for women, fewer women in senior leadership positions and consequently smaller pensions. But the gender pension gap isn't just about pay. Women are also more likely to work part-time or reduced hours, take career breaks for childcare, serve as unpaid carers or require medical leave, such as during the menopause.

CONFIDENCE BARRIER IN SAVINGS AND INVESTMENTS

The various responsibilities and challenges that women typically face can significantly hinder their ability to accumulate savings comparable to men. One of the key factors is the societal expectation for women to serve as primary caregivers. Whether it's for children, the elderly or other family members, this role often necessitates taking time off from work or even quitting jobs, leading to gaps in their income and, consequently, their savings.

Furthermore, women are generally paid less than men, a stark reality reflected in the gender pay gap that persists globally. This income disparity means that women have fewer resources to allocate towards savings, putting them at a significant disadvantage.

LOWER CONFIDENCE IN SAVINGS AND INVESTMENTS

In addition to these systemic obstacles, the research has highlighted another critical issue – women's self-perception of their financial capacities. Some women tend to identify themselves as having lower confidence in savings and investments.

This can be attributed to various factors, but this lack of confidence can be a psychological barrier, preventing many women from actively participating in financial planning and decision-making, further widening the savings gap between men and women. ◀

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WANT TO DISCUSS YOUR RETIREMENT PLANNING OPTIONS?

Retirement planning can often feel like a daunting task. But don't worry, we're here to help. We can guide you through your various options, demonstrate how much you need to set aside and assist in implementing a plan that aligns with your aspirations. Please contact us if you require additional information or wish to discuss your retirement or other financial planning needs.

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 15th and 29th August 2023.

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

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

HEALTH CONSCIOUSNESS DIVIDE

WHY PREVENTION IS BETTER THAN CURE

Living a healthy lifestyle over a prolonged period significantly reduces the risk of developing various diseases as we age. This concept is rooted in the idea that our daily habits and behaviours profoundly impact our long-term health outcomes.

The odds of developing conditions like cancer, hypertension, diabetes, chronic kidney disease and cardiovascular disease or experiencing premature death decrease significantly when one abstains from smoking, adheres to a nutritious diet, exercises consistently, and maintains balanced blood pressure, blood sugar and cholesterol levels, as well as a normal weight.

LEADING A HEALTHY LIFESTYLE

But worryingly, it is estimated that 2.5 million more people in England alone will have a serious illness by 2040[1]. This is supported by separate research that has also revealed that there's still work to raise awareness of the benefits of leading a healthy lifestyle.

A startling 59% of respondents confessed to living life on their terms, clinging to the hope that they would remain untouched by cancer. More concerning still, one in five (20%) admitted to making no efforts towards reducing their risk of cancer or other grave illnesses[2].

STRIDES TOWARDS BETTER HEALTH

By contrast, a subset of the population is making strides towards better health. Four out of ten (42%) people claimed to lead wholesome lifestyles, incorporating at least one health-enhancing behaviour in their daily routine[3]. These ranged from maintaining a balanced diet (29%), engaging in regular physical activity (27%) and monitoring their weight (27%), to using sun protection (30%) and cutting down on sugar consumption (22%).

Furthermore, one in five (22%) individuals reported taking measures to ensure their mental wellbeing, while a tenth of the respondents had renounced alcohol. However, despite these positive steps, a significant 67% felt they could do more to improve their health.

PERSONAL RISK FACTORS

It is estimated that nearly four in ten annual cancer cases in the UK could be prevented[4]. Consequently, it is crucial that people understand their personal risk factors – such as smoking, diet, obesity, alcohol consumption, physical activity and age – and are equipped with the necessary knowledge and support to manage them effectively.

While many already adopt healthy habits like balanced eating, exercising, weight management and sun protection, the research underscores that a large segment of the population believes they could do more for their health.

SEEKING MEDICAL ADVICE

The study further revealed that nearly a third (32%) of people had sought medical advice for symptoms they feared might be cancer-related. Almost two in five (39%) of these consultations occurred within the past year.

Breast cancer was the primary concern leading to GP visits among women (44%), followed by skin (21%) and cervical cancer (10%). For men, testicular cancer was the most common worry (22%), followed by skin cancer (21%) and prostate cancer (16%). ◀

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READY TO START YOUR JOURNEY TO A HEALTHIER LIFESTYLE?

Remember, your daily habits and behaviours profoundly impact your long-term health outcomes. Your future self will thank you. Take control of your health and wellbeing today for a healthier tomorrow. Please contact us to learn more about this subject or discuss your requirements.

Source data:

[1] https://nhsproviders.org/news-blogs/news/prevention-better-than-cure-response-to-health-foundation-analysis

[2] The research was conducted by Censuswide, among a sample of 2002 18+ national rep general consumers. The data was collected between 20.10.2023 - 24.10.2023. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles.

[3] Strongly agree' and 'Somewhat agree' responses combined.

[4] The fraction of cancer attributable to modifiable risk factors in England, Wales, Scotland, Northern Ireland, and the United Kingdom in 2015 | British Journal of Cancer (nature.com)

THE GIFT **OF GIVING**

DISTRIBUTING ASSETS OR CASH WITHOUT CONTRIBUTING TO YOUR ESTATE'S OVERALL VALUE FOR INHERITANCE TAX PURPOSES

In the unfortunate event of one's passing, there's a possibility that HM Revenue & Customs (HMRC) may levy an Inheritance Tax (IHT) bill on the deceased's estate. The estate's total value determines the sum due after deducting any debts and applying all possible thresholds. Two thresholds that come into play are the nil rate band (NRB) and the residence nil rate band (RNRB).

The NRB currently stands at £325,000, while the RNRB is set at £175,000 in the tax year 2023/24. It should be noted that the RNRB is applicable only if the deceased's home, or an amount equivalent to it if downsizing provisions apply, is left to a direct descendant. Any amount exceeding these thresholds is subject to the standard rate of 40% IHT. However, if at least 10% of the estate is left to charity, this rate drops to 36%.

TRANSFERRING OF ASSETS TO THE NEXT GENERATION

With IHT becoming an increasing worry for some people, the goal often becomes the efficient transfer of assets to the next generation, which may include gifting as a strategy to minimise IHT. While you're still alive in the UK, an annual 'gift allowance' of £3,000 is at your disposal. This is referred to as your 'annual exemption'. Essentially, this allows you to distribute assets or cash up to the total value of £3,000 within a tax year without contributing to your estate's overall value for IHT purposes.

GIFTS THAT DO NOT COUNT TOWARDS THE ANNUAL EXEMPTION

Any portion of the annual exemption not utilised within the tax year can be extended into the following tax year. However, it's important to note that it can only be used in the subsequent tax year and cannot be carried over further. Certain gifts do not count towards this annual exemption; therefore, no IHT is due on them.

Gifts that exceed the £3,000 allowance within any tax year may be subject to IHT. But what else can you give that would be tax-free? Gifts valued at less than £250 are exempt from this rule. You can bestow as many gifts of up to £250 to as many individuals as you like. However, this doesn't apply to anyone who has already received a gift that utilises your entire £3,000 annual exemption. None of these gifts will be subject to IHT.

WEDDING GIFTS AND THEIR VALUE

Wedding gifts also have their own set of rules. If the gift is to be effective for IHT purposes, it must be given before the wedding, not after. Furthermore, the wedding must indeed take place. Here are the specifics: if the gift is given to a child and is worth £5,000 or less; given to a grandchild or great-grandchild and is worth £2,500 or less; or given to another relative or friend and is worth £1,000 or less.

GIFTS TO AID WITH LIVING EXPENSES

Gifts intended to assist with the living costs of an ex-spouse, an elderly dependent or a child under 18 or in full-time education might also be exempt from IHT.

GIFTS FROM SURPLUS INCOME

Additionally, if your income is sufficient to maintain your usual standard of living, you can make gifts from your surplus income. This could include regularly contributing to your child's savings account or covering a life insurance premium for your spouse or registered civil partner.

PET GIFTING AND THE 7-YEAR RULE

When gifts exceeding the annual allowances are made outright to an individual or an Absolute/Bare Trust, these are termed 'Potentially Exempt Transfers' or PETs. Often, PETs are made to assist a child in buying a property. To ensure that the gift is not included in your estate for IHT purposes, you must survive for seven years after making the gift. If the PET exceeds the NRB (£325,000), there's a gradual tapering on the excess in the event of the gift failing; the longer you survive post-gifting, the greater the tapering.

If you settle money into a discretionary trust, such gifts are known as 'Chargeable Lifetime Transfers' or CLTs. Grandparents who want to pass money down to their grandchildren commonly make these, particularly when their children already possess a large estate.

DETERMINING THE ORDER IN WHICH GIFTS ARE LIABLE FOR IHT

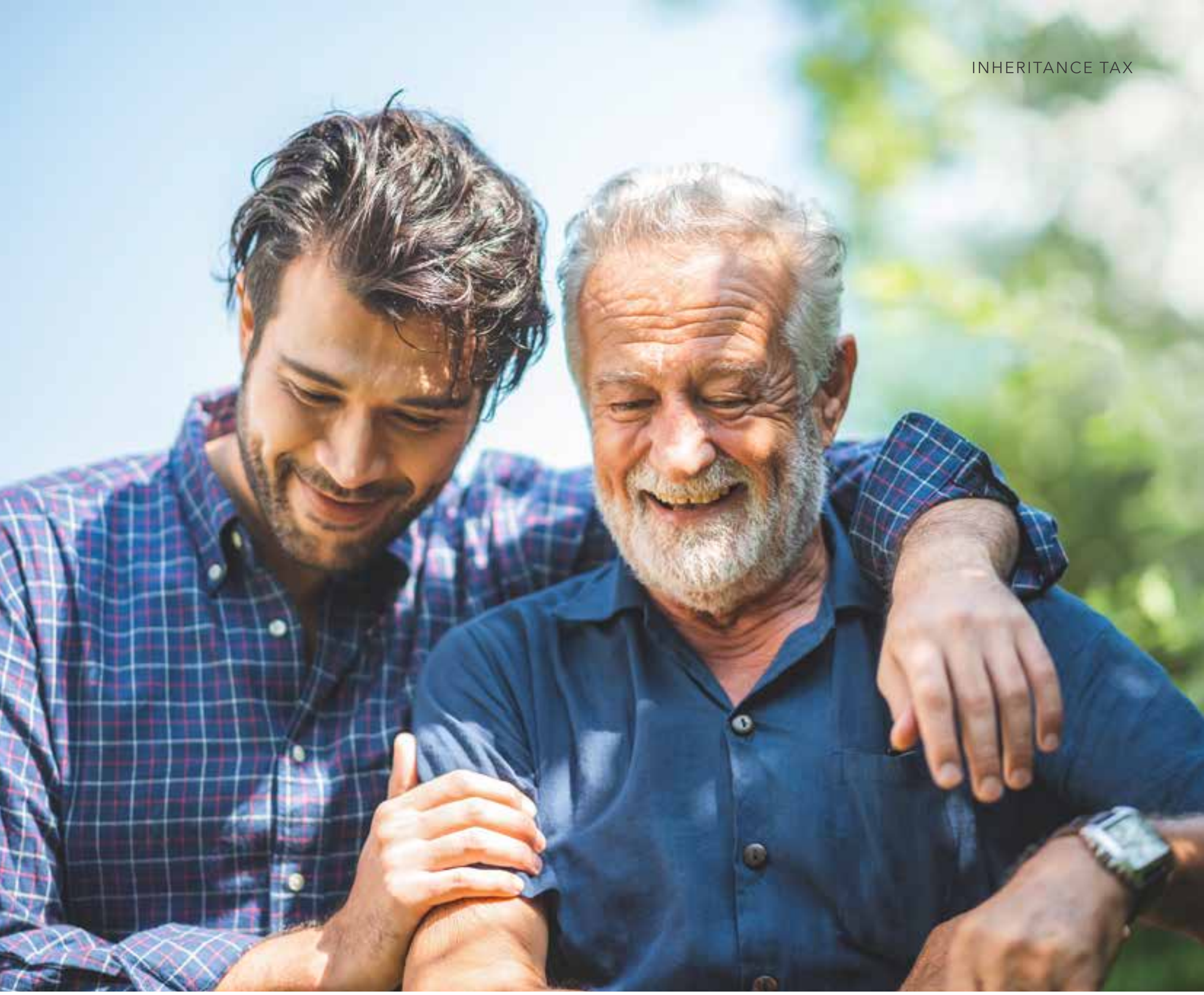
Complications may arise if an individual has made both PETs and CLTs before their passing. This is due to the fact that the order of these gifts can result in a calculation of 14 years' worth of gifts when determining the IHT position.

Additionally, their order is crucial when determining which gifts are liable for IHT. According to HMRC rules, gifts are assessed starting from the oldest and progressing towards the date of death. Furthermore, any CLTs made within seven years preceding any 'failed PETs' must also be considered.

NAVIGATING THE PLANNING AND TIMING LANDSCAPE OF IHT

Planning and timing are key when navigating the complex landscape of IHT. If a person makes a PET but unfortunately passes away within six years and 11 months, the PET is considered unsuccessful. From this 'failed PET' date, HMRC will look back an additional seven years and incorporate any CLTs into their calculations. Therefore, if you're considering transferring money into a trust or gifting it outright, it's highly recommended you discuss this with us first.

It's also important to meticulously keep track of any gifts you've made. This record will prove



invaluable to the executors of your estate should you pass away. It's worth noting that gifts made from regular income, where expenditure is categorised as normal expenditure, are not classified as gifts by HMRC.

INSURING AGAINST A POTENTIAL IHT BILL

You've made some gifts and hope to survive for seven years. While this is an option, you can also insure against the IHT payable on your estate should you pass away within seven years of making your gift, and the liability for the tax would then fall on the recipient of the gift. This can be achieved by taking out a 'gift inter vivos' insurance policy or a 'whole of life' policy.

With a 'gift inter vivos' insurance policy, this life insurance can cover the IHT due on a gift if the donor passes away within seven years, with the sum assured gradually decreasing in line with the tapering of IHT due on the gift. Consideration should also be given to the overall value of your estate. While a 'gift inter vivos' plan may cover the IHT due on a gift over seven years, simple life assurance cover should also be considered as a further IHT mitigation strategy.

WRITING POLICIES IN AN APPROPRIATE TRUST

To cover the potential IHT that your estate may be liable for upon your death, you could secure a 'whole of life' policy' that provides lifelong coverage. Whichever option is chosen, it's recommended that these policies are written in an appropriate trust, ensuring that any benefits paid out if you pass away and a claim is made on the policy are not included in the value of your estate for IHT purposes.

The areas of gifting, protection and trust in financial planning are intricate and multifaceted. They involve understanding numerous elements such as tax implications, legal regulations and individual family dynamics. Given the complexity of these areas, it's critical to obtain professional advice to help you navigate the intricacies of these financial planning areas, ensuring that your decisions align with your overall financial goals and family needs. Doing so will allow you to develop the most effective strategy tailored specifically for you and your family. ◀

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FEELING DAUNTED AT THE PROSPECT OF MANAGING AN INHERITANCE TAX LIABILITY?

Various strategies exist to minimise the amount of IHT that your family may be burdened with upon your passing. These methods require careful planning, but their implementation could result in substantial financial benefits for your loved ones. We're here to help guide you through this process and offer our expertise. Please contact us for more information or to discuss your situation.

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JEOPARDISING **FINANCIAL STABILITY**

PROTECTING YOU AND YOUR FAMILY'S FINANCIAL FUTURE

Securing your family's financial future is a multifaceted responsibility beyond merely accumulating savings and making long-term investments. It encompasses the creation of a comprehensive plan that ensures the wellbeing of your loved ones, even in the face of unexpected adversities.

A recent report has revealed that a significant number of UK residents are ill-prepared to meet their monthly expenditure if they were to become incapacitated due to illness or disability[1].

An alarming lack of financial safety provisions exists for circumstances such as sickness, accidents or deteriorating health conditions. The study reveals that eight out of ten homeowners servicing a monthly mortgage do not have income protection insurance.

FINANCIAL OBLIGATIONS

Furthermore, two-thirds lack cover against critical illnesses, thereby jeopardising their financial stability if a long-term illness prevents them from working. Although the statistics for those who have secured their family homes in case of premature death are somewhat reassuring – with 63% having life cover – it is still concerning that many do not have a policy that would replace their income in case of incapacity due to illness or disability.

Statistically, men are approximately six times more likely, and women 12 times more likely, to be unable to work due to illness than they are to die prematurely[2]. This fact underscores the vital importance of income protection insurance. Such a policy provides the comforting assurance of a replacement income through monthly payouts to cover bills and other lifestyle essentials. But, not only homeowners with financial obligations need to maintain a roof over their heads.

OVERLOOKED OR POSTPONED

Tenants, too, must meet their rent payments and can be equally vulnerable without proper insurance cover. Yet, the figures here paint an even more disturbing picture. Less than one-third (29%) of renters have life cover, and a mere 6% have income protection.

Often, the decision to apply for a protection product is spurred by a significant life event like marriage or buying a house. However, as soaring property prices push home purchases later into life, and more individuals opt to cohabit rather than wed[3], discussions about income protection insurance are being overlooked or postponed.

BEYOND JUST LIFE INSURANCE

Given the number of people in the UK already finding it hard to make ends meet, the prospect of a family member losing their income during a cost of living crisis is daunting. The desire to safeguard oneself and one's family financially against tough times is instinctive, but many families leave themselves financially vulnerable. Raising awareness about the benefits of insurance and its potential to bolster people's financial resilience is crucial.

While it's heartening that many homeowners have life insurance, statistically, it's far more likely that someone will need time off work due to illness or injury during their working life than they are to die prematurely. People must realise the importance of having cover beyond just life insurance.

BECOMING INCREASINGLY VIGILANT

Although lenders no longer require life insurance for a mortgage, buying a home remains a significant trigger for purchasing protection insurance. It's a straightforward way to ensure the family home is secured if the primary income earner dies, but we must consider risks beyond just premature death.

As the cost of living continues, families across the UK are becoming increasingly vigilant about their expenses. The need to safeguard their monthly bills is more pressing than ever. Many individuals' greatest sense of security comes from having their income and expenses covered. This comfort often outweighs the reassurance provided by life or mortgage cover. Some people require their entire mortgage amount to be insured, while others want to ensure their monthly rent and essential bills are taken care of.

MANY POTENTIAL LIFE EVENTS

Critical illness and income protection have become invaluable in an era where many employers fall short of providing adequate sick pay for extended periods of absence from work. These forms of insurance give individuals and families the peace of mind that they can meet their financial obligations even when health issues arise.

Seeking professional financial advice can help individuals tailor their insurance coverage to meet their unique needs. This approach allows families to establish protection that delivers reassurance and safeguards against many potential life events.

STRESS MANAGEMENT AND RECOVERY

Protection insurance isn't just about covering your mortgage. It's about ensuring that your lifestyle and financial commitments are secure, regardless of what life throws at you. From everyday bills to essential living costs, comprehensive protection can make a significant difference during ill health or injury.

Knowing that your bills can still be paid, even in the face of serious illness or injury, provides an immeasurable sense of relief. It's not just about the financial aspect; it's the peace of mind of knowing you're protected during challenging times. This peace of mind can significantly aid stress management and recovery.

REVIEWING PROTECTION POLICIES

As household priorities shift over the years, reviewing protection policies to see if they can better support any life events or job changes is essential. Any changes to work, family planning or relationship status could mean that an existing income protection plan may no longer be fit for purpose.

Many people would not think of this despite being at risk of losing their home if they experienced a financial shock. ◀

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HOW CAN YOU SECURE YOUR AND YOUR FAMILY'S FINANCIAL FUTURE?

Please do not hesitate to contact us if you require further information or wish to discuss your protection needs in more detail. Don't leave things to chance. Let us help you secure your financial future.

Source data:

[1] Royal London/Cicero/amo to undertake a nationally representative survey of 3,000 adults in the UK. Fieldwork was conducted in September 2023.

[2] Pacific Life Re, June 2021, based on 30-year-old non-smokers with the retirement age of 65.

[3] ONS data reveals that 'the opposite-sex cohabiting couple was the fastest-growing family type over the last 10 years.

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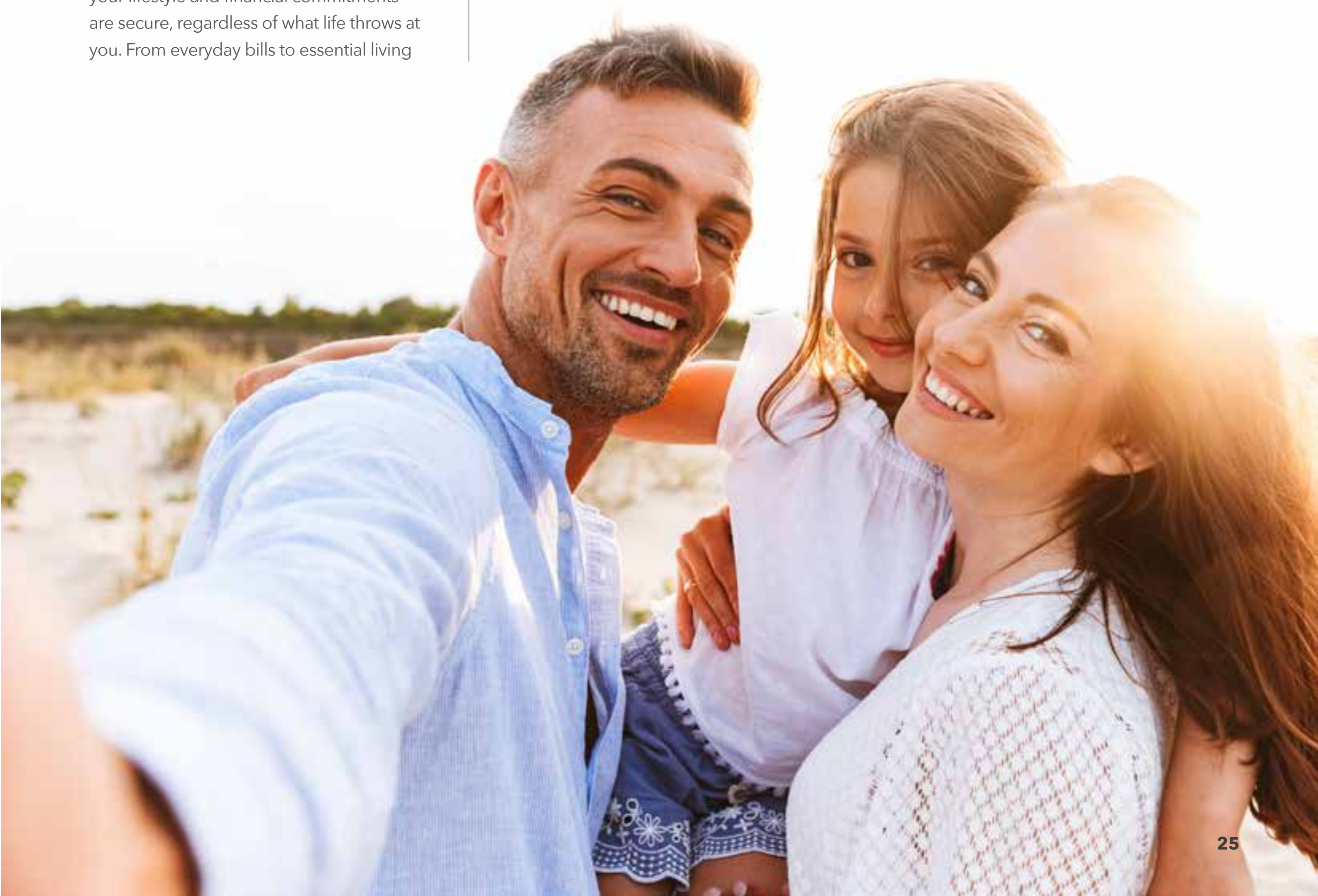


POSTPONING **RETIREMENT**

AN INCREASINGLY GROWING TREND IN BRITAIN

Recent studies indicate that approximately half (49%) of non-retired Britons plan to extend their working lives beyond the age at which they'll receive their State Pension[1], equivalent to approximately 19.2 million individuals[2].

Those contemplating working post-state Pension age anticipate doing so until they're 72 on average, a rise from the projected 70 years in 2022[3] when similar research was last undertaken.

MOTIVATIONS BEHIND THE DECISION

Financial stability is the primary motivation for many to continue working past the State Pension age. More than a third (36%) feel their pension won't cover their daily expenses; worryingly, over half (52%) of this group are aged 55 or above. Almost a third (30%) express concern about the ongoing cost of living crisis, while 29% are uncertain about the longevity of their savings.

Nevertheless, there are non-financial reasons as well. A considerable 23% of respondents appreciate the routine work provided. Additionally, 20% genuinely enjoy their job, and 18% admit they're unprepared for retirement.

AFTERMATH OF THE DECISION

For those considering extending their working life, 51% intend to retain their current or similar roles. However, this decision does not come without concerns. About 34% fear that continuing to work will impact their ability to enjoy their later years. One-third (33%) are apprehensive about potential health deterioration due to prolonged work, and a quarter (24%) worry about missing quality time with their families.

As workplaces become more technologically advanced, 18% of those planning to work post-retirement express concerns about keeping pace with these rapid changes. However, it's crucial to note the immense value older workers bring. Their experience, resilience and insight can greatly benefit younger colleagues and their organisations.

ROLE OF EMPLOYERS

Regardless of the reasons for working beyond the State Pension age, employers have a crucial role to play. They must foster an inclusive culture that respects and understands the evolving needs of their older employees.

The rising cost of living forces many to rethink their retirement plans, leading to an increasing number contemplating work beyond their State Pension age. While this may not be a welcome prospect for those who need to work to make ends meet, the positive aspects of working should not be disregarded.

ADVANTAGES BEYOND RETIREMENT

Benefits and perks play a pivotal role in the decision-making process for employees when considering job opportunities. These incentives can often be the tipping point that convinces an individual to accept a job offer. A study revealed that 34% of British workers have been persuaded to take on a position due to a compelling benefits package or company policy[4].

When inquiring about the most useful provisions employers could provide for those choosing to work past their State Pension age, income protection was the clear winner, with 45% of participants highlighting its importance. This was closely followed by critical illness cover (39%) and life insurance (38%), indicating the significant value placed on financial security in potential health-related situations.

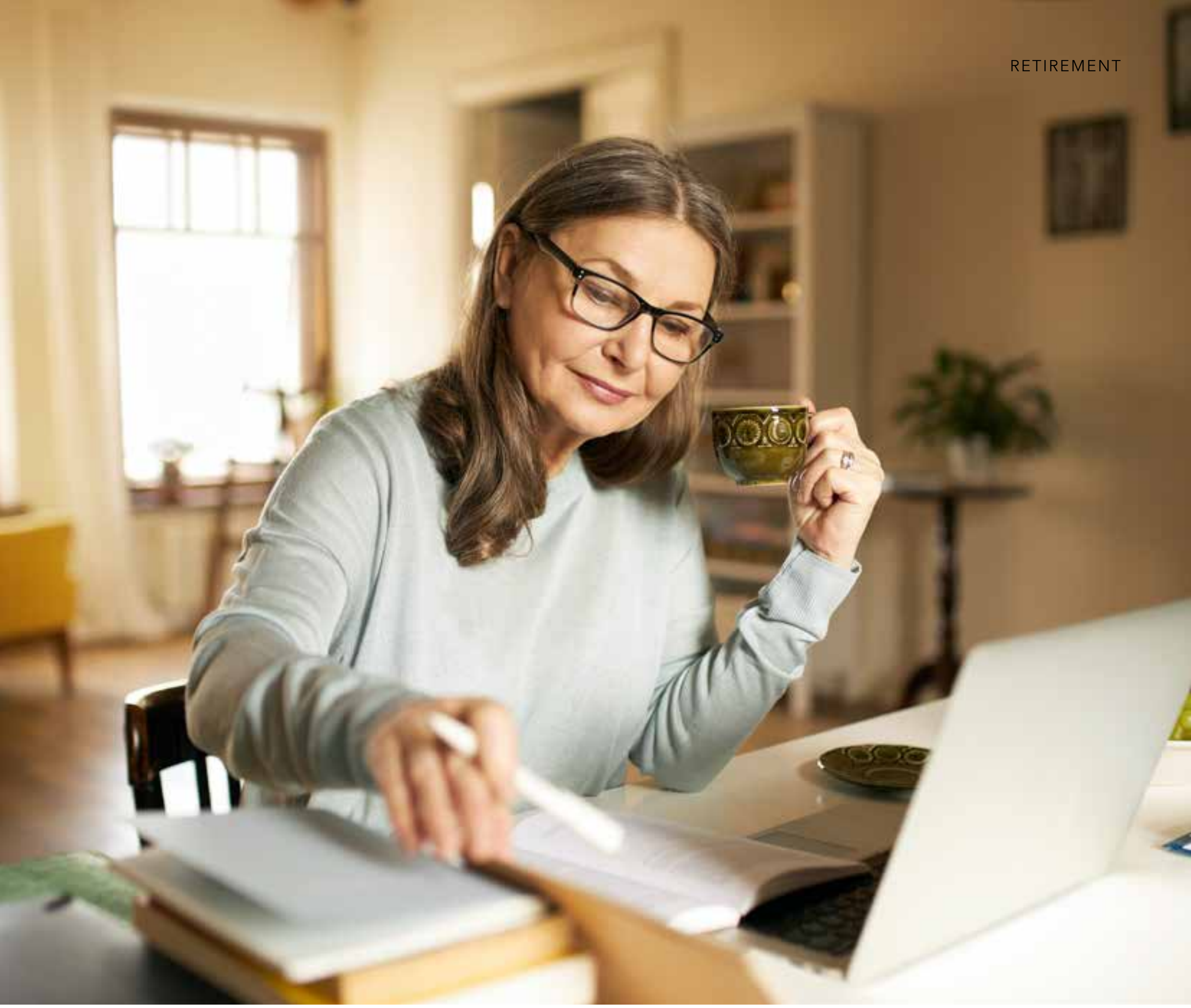
REHABILITATION SERVICES ARE AN ESSENTIAL CONSIDERATION

Interestingly, one quarter (24%) of participants considered access to a rehabilitation service – a service designed to facilitate a return to work following a serious illness – as the most beneficial offering. This insight emphasises the importance of supportive measures that help maintain productivity and wellbeing during challenging periods.

This highlights why it is incumbent upon employers to create a culture where their mature workforce feels enabled and comfortable to extend their working lives. Achieving this requires a thorough understanding of the unique needs of their employees, which can fluctuate based on their stage in life.

KEY TO EMPLOYEE SUPPORT

Providing relevant benefits such as group life, group income protection and group critical illness cover – benefits that usually



come with additional support services – is a straightforward yet effective strategy for employee support. By tailoring these benefits to meet the specific needs of older workers, employers can foster a sense of security and inclusivity.

The importance of benefits and perks for employees working beyond their State Pension age cannot be overstated. Employers can attract and retain experienced talent with the right blend of benefits, thus ensuring a diverse and resilient workforce. ◀

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IT'S GOOD TO TALK

Whether you're an employee looking to safeguard your future or an employer aiming to provide the best support for your people, we're here to help. Don't hesitate to contact us. Together, we can find the solution that caters to your unique needs and circumstances.

Source data:

[1] Survey conducted by Opinium for Canada Life among a national representative sample of 2,000 UK adults between 10 - 14 November 2023.

[2] Questions asked to a subset of UK adults under age 66 who have not yet retired.

[3] Survey conducted by Opinium among a national representative sample of 2,000 UK adults between 21 - 25 October 2022.

[4] Survey conducted by Opinium among a national representative sample of 2,000 UK adults between 11 - 15 August 2023

“THOSE CONTEMPLATING WORKING POST-STATE PENSION AGE ANTICIPATE DOING SO UNTIL THEY'RE 72 ON AVERAGE, A RISE FROM THE PROJECTED 70 YEARS IN 2022[3] WHEN SIMILAR RESEARCH WAS LAST UNDERTAKEN.”

UNPREDICTABILITY OF **FINANCIAL CLIMATES**

STRATEGIC DIVERSIFICATION OF YOUR INVESTMENTS CAN BE YOUR FIRST LINE OF DEFENCE

The world of financial markets is a fascinating and ever-changing landscape. Much like the weather, the climate of these markets can shift rapidly. One moment, everything might be calm and sunny, with investors full of optimism and bullish about the future. Then, a storm may roll in the next moment, causing the same investors to scramble for cover and reassess their strategies.

Predicting these shifts is a complex task. A sudden change can catch investors off guard even when everything seems calm. This is especially true when it comes to 'black swan' events – unforeseen occurrences that have a significant short-term impact on the markets. These events can cause major disruptions, even in otherwise stable markets.

FINANCIAL MARKETS FLUCTUATE DUE TO NUMEROUS FACTORS

Just as the weather changes based on factors like atmospheric pressure and temperature, financial markets fluctuate due to numerous factors. Investor sentiment, economic growth projections, inflation rates, geopolitical events – all these and more can cause the market's mood to shift.

These black swan events arrive as a bolt from the blue, posing a risk not significantly factored into prices beforehand. Prime illustrations of such events include the Covid-19 pandemic, the war in Ukraine, and the Liz Truss emergency mini-budget. So, faced with such unpredictability, how do you fortify your portfolio and yourself to withstand the inevitable inclement periods that characterise the financial markets?

FIRST LINE OF DEFENCE AGAINST THESE FINANCIAL STORMS

Strategic diversification of your investments can be your first line of defence against these financial storms. By spreading your investments across a range of asset types and geographic regions, you can minimise the impact of a downturn in any one area. Also, building resilience into your portfolio is critical. This means having a mix of investments likely to perform well under various market conditions.

These might include defensive stocks that tend to hold their value during market downturns or alternative investments that aren't closely tied to the performance of stock and bond markets. In times of financial turbulence, it's crucial to remain focused on your long-term goals and not be swayed by short-term market fluctuations. Remember, investing is a marathon, not a sprint.

'PERMANENT' DIVERSE PORTFOLIO IS A STRATEGY

Adopting a 'permanent' diverse portfolio is a strategy that can serve you well in the unpredictable world of financial markets. Timing the market, or moving into and out of riskier assets, is an exceptionally challenging task. A more feasible alternative is to maintain a properly diversified portfolio that is periodically rebalanced and possibly tilted according to the general outlook, specific opportunities and perceived risks.

This approach keeps you invested, allowing you to benefit from the long-term wealth-generating effect of asset prices. By blending a variety of 'uncorrelated' investments – those whose price movements are largely independent of one another rather than moving in tandem – it's possible to create a portfolio resilient to market fluctuations yet capable of delivering robust performance.

BALANCING SIMPLICITY WITH VARIETY

Ideally, your portfolio should strike a balance between simplicity and variety. It's essential to spread your investments across different sectors and areas to mitigate risk, but it's equally important to avoid creating an unwieldy 'stamp collection' of investments that's difficult to monitor and manage.

Sticking to your investment strategy is crucial, especially during periods of market volatility. Focusing on the long term rather than reacting to every passing market gyration can lead to better decision-making as an investor. If you clearly understand what your 'permanent' portfolio should look like, adjusting these allocations might sometimes make sense as asset prices fluctuate to maintain weightings and diversification.

PRACTISING PATIENCE DURING MARKET VOLATILITY

However, for much of the time, little or no adjustment should be required. Having a plan to adhere to and accepting that events will inevitably test your resolve can make navigating the financial landscape easier. Otherwise, there's a risk of slipping into panic mode and making poor, spur-of-the-moment decisions.

During periods of market stress, emotional reactions from investors can exaggerate price falls, making rational thinking more difficult. In such circumstances, it's important to remember that hasty buying or selling can result in being on the wrong end of price swings.

VALUE OF INCOME-PRODUCING INVESTMENTS

Including income-producing investments in your portfolio is another option to consider. While market volatility can be frightening, an asset's income is often more consistent than its capital value. Amidst a fast-changing economic landscape, it's easy to overlook this crucial component of your overall return.

When markets are flat or falling, the steady influx of income can bolster and stabilise the value of your portfolio. The income from your share or bond holdings is also why timing markets, or selling out then buying back in, is generally unwise as it interrupts the flow of income.

BALANCING MARKET VOLATILITY WITH BONDS

In addition to dividend-paying shares, a common strategy adopted by investors to counterbalance the turbulence of share markets and enhance overall returns is the inclusion of traditionally less volatile bonds. In their typical form, bonds provide a fixed annual income (often called a coupon) and pledge to return the initial capital at the end of their tenure. This asset class appeals to investors willing to take calculated risks with their capital, banking on the possibility of garnering higher long-term returns than cash.

CAPITALISING ON MARKET DOWNTURNS

The key to successful investing lies in leveraging market falls to your advantage. The objective is always to buy when asset prices are low and sell when they are high. However, accomplishing this goal requires both time and patience, and many individuals often make emotionally driven, short-term decisions that result in the opposite effect.

A significant market drop could provide the opportunity you've been waiting for to invest in an area you've had your eye on but felt was too expensive. Yet, timing the market is notoriously difficult, requiring a mix of luck and judgment. Market highs and lows are often influenced by human psychology and numerous unseen factors; thus, employing this strategy carries the risk of missing out on the long-term benefits of being fully invested.

BENEFITS OF REGULAR INVESTMENTS

One proven method to navigate the crests and troughs of the market and alleviate investment-related stress is to make regular contributions, such as monthly investments, rather than large, one-off lump sums. This approach eliminates the need to worry about market timing. By investing regularly, an investor buys more shares or units when prices are low and fewer when prices are high. Persistently investing during market drops can, over time, turn market volatility to your advantage.

This strategy, known as 'pound cost averaging', can help smooth out the market's highs and lows over extended periods. However, it's important to remember that all investments carry risks, and you may get back less than you put in. Once you reach the stage where you're withdrawing rather than accumulating investments, you may be unable to capitalise on pound cost averaging or 'buying the dips'. This makes maintaining a diverse portfolio to reduce volatility even more crucial. ◀

READY TO DISCUSS YOUR INVESTMENT NEEDS?

Whatever wealth means to you – now and in the future – we can help you achieve your goals in every area of your life. If you need further information or wish to discuss your requirements, please don't hesitate to contact us.

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THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

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PROACTIVE **RETIREMENT PLANNING**

A GROWING TREND AMONG MID-LIFERS PRIORITISING THEIR FUTURE FINANCIAL STABILITY

A recent study reveals a promising trend among 45- to 54-year-olds in the UK[1]. Six out of ten individuals in this age group are actively working towards bolstering their retirement savings[2]. These mid-lifers are prioritising their future financial stability, implementing changes in their current spending habits to ensure they can support themselves later in life.

The measures taken by these forward-thinking individuals range from trimming down on holidays and luxury items (18%), selling possessions they no longer require (14%) and setting up automatic transfers into savings accounts (13%), to increasing contributions to workplace pensions (14%) and investing more into personal pensions (14%). It's heartening to see that many recognise even small steps can cumulatively have a substantial impact on their future retirement savings.

CONSIDERING LIFESTYLE CHANGES FOR RETIREMENT SAVINGS

Looking ahead, the top five sacrifices this demographic is willing to consider over the next decade to prioritise saving more include cutting back on eating out and takeaways (44%), forgoing the purchase of a new car (35%), skipping a holiday (33%), reducing Christmas spending (29%) and delaying home maintenance or improvement (18%). These findings underscore the determination of this age group to secure a financially stable retirement.

However, it's not all smooth sailing for mid-lifers in the UK. They face acute challenges when preparing for retirement, with a significant majority (63%) conceding that the high cost of living and escalating mortgage costs (20%) are formidable barriers to saving. The study estimates that this age group currently has an average of £88,000 in retirement savings, suggesting they need to save an additional £160,000[3] on average for a moderate standard of living in retirement, according to Pensions and Lifetime Savings Association (PLSA) estimates[3].

MAKING SIGNIFICANT LIFESTYLE CHANGES

The road to a secure retirement isn't just about spending adjustments and significant lifestyle changes. About one in ten (10%) mid-lifers contemplate downsizing their homes to boost their retirement savings. Some are exploring job changes or taking on additional work to augment their long-term savings, with 8% considering applying for a higher-paid job and the same number (8%) mulling over a second job – this is equivalent to 710,000 45- to 54-year-olds across the UK[4].

Despite these challenges, the research reveals a large proportion of 45- to 54-year-olds taking these issues head-on. Over four in ten (42%) state they have a retirement savings plan, and 45% strive to save more. Interestingly, recent research found that the average age people start actively planning for retirement is 36, making midlife an ideal time to assess progress against these plans[5].

BENEFITS OF OUR EXTENDED LIFESPAN

In the UK, we are wrestling with maximising the benefits of our extended lifespan. This includes preparing and saving for the years that lie ahead. The challenge is undeniable as only one in ten (10%) people in this age bracket believe they can survive on the State Pension alone when they retire without reducing their expenditure. Particularly for those currently in midlife, often burdened with significant financial and time constraints, it becomes crucial to reassess their situation.

The research highlights that midlife is also when many individuals take decisive action. Those aged between 45 and 54 are reshuffling their spending habits to save more, and some are even contemplating significant changes to their employment status and residential locations.

A UNIQUE JOURNEY FOR EACH INDIVIDUAL

It's important to acknowledge that everyone's path to and through retirement will vary greatly. There isn't a universal solution for how those in midlife are saving and planning for this period. Given that we live longer than the generations that preceded us, we must all reconsider our futures and those of the people we hold dear.

For many, engaging with future planning can be a formidable task. The research indicates that nearly half (49%) of people aged between 45 and 54 find that contemplating their financial circumstances is the most challenging part of retirement planning.

OVERCOMING FINANCIAL HURDLES

However, with the backing of a supportive network, we can all take steps – be they big or small – towards creating a more secure retirement. It's about facing our fears and recognising the opportunities that come with an extended lifespan.

Remember, it's your journey. Your retirement should reflect your dreams, aspirations and the lifestyle you envisage. While the process may initially seem overwhelming, it's entirely achievable with the right plan and support. ◀

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TIME TO MAKE INFORMED DECISIONS TO ENSURE A FINANCIALLY SECURE FUTURE?

Planning for retirement can seem daunting, but it's never too late to start. If you require further information or guidance on navigating your retirement planning journey, please don't hesitate to get in touch. We're here to help you make informed decisions to ensure a financially secure future.

Source data:

[1] Phoenix Insights (2023) Reimagining Roads to Retirement. Nationally representative survey of 2,000 workers aged 45-to-54-years-old conducted by Opinium 29th September to 10th October 2023.

[2] ONS (December 2022) Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland – here. 59% of UK population aged 45 – 54 is 5,224,480; 8% of UK population aged 45 – 54 is 708,404.

[3] Phoenix Insights (2023) Pensions Heatmap. Nationally representative survey of 2,500 workers over 45 conducted by Opinium 17th to 24th May 2023.

[4] The Pensions and Lifetime Savings Association estimate that the average UK person will need to have a retirement savings pot of £248,000 in order to achieve a moderate standard of living in retirement, assuming full state pension entitlement. A moderate standard of living allows for a lifestyle including a car and one foreign holiday a year.

[5] Standard Life Retirement Voice Report (October 2023)

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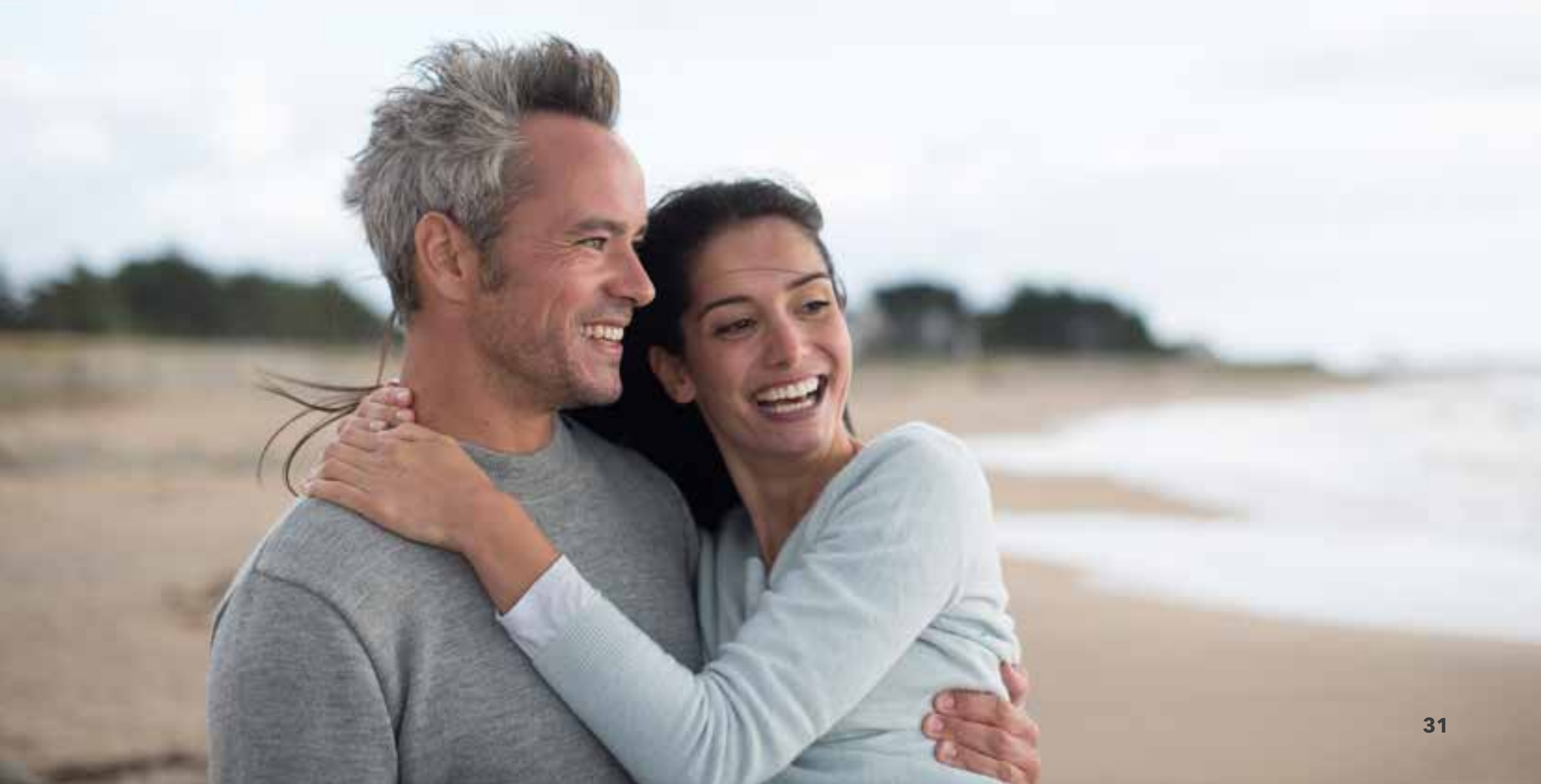
A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

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

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



THE £26 BILLION **LOST PENSION MAZE**

UNCLAIMED PENSIONS COULD MEAN THOUSANDS OF POUNDS ADDED TO YOUR RETIREMENT FUND

Navigating the world of pensions can be challenging, particularly when you've participated in various schemes or shifted jobs throughout your working life. Pension plans may close, merge or change names as time progresses, adding to the complexity. It might have been rebranded even if you recall your scheme's original name.

In our varied careers, it's common to accumulate multiple pensions from different jobs. It's easy for some of these to slip through the cracks, especially when moving house and changing addresses. Ensuring you know all your pension schemes is essential to maximise your retirement benefits. Asserting your claim over your pension is crucial – the earlier you locate a misplaced one, the more beneficial it will be.

With £26 billion in lost pensions in 2022 worth an average of £9,500[1], it's well worth seeing if some belong to you. If you suspect you have a lost pension, your first port of call should be your previous pension provider. The government's Pension Tracing Service is available if their identity eludes you. This service provides current contact details for your pension scheme, helping you keep track of your retirement funds.

REFLECTION ON EMPLOYMENT HISTORY

Reflect on every job you've held since leaving education. Each employment stint possibly came with a workplace pension. Look for old pension statements. These documents will provide valuable information about your past pension schemes.

CONTACTING YOUR PREVIOUS PENSION PROVIDER

Knowing your old pension provider simplifies the task. Contact them armed with as much information as possible to facilitate the reunion with your pension savings. Essential details include your plan number (if available), date of birth and National Insurance number.

UTILISING THE PENSION TRACING SERVICE

The government's free Pension Tracing Service can assist if you suspect a missing pension but lack any supporting information. Visit their gov.uk website or phone them at 0345 600 2537. If you remember your old employer's name or the pension company, the service will provide up-to-date contact details.

UNDERSTANDING THE ROLE OF PENSION ADMINISTRATORS

It's worth noting that the Pension Tracing Service provides only the pension administrator's contact details. It won't disclose whether you have a pension or its value. You will need to contact the pension administrator directly to confirm your pension status and worth.

RECOGNISING POTENTIAL PITFALLS

Remember, possessing pension paperwork doesn't necessarily equate to a pension entitlement. You may have received a refund of your contributions upon leaving an employer, or certain older workplace pensions require a minimum membership period before entitlement.

BEWARE OF SCAMMERS

Scammers also look to exploit the subject of pension transfers with offers to access your pension early, which may be called 'pension liberation' or a 'pension loan', as the scammers often claim you can borrow money from your pension fund. If someone accepts the offer, their pension funds will typically be transferred into a scheme set up by the scam, often based abroad. ◀

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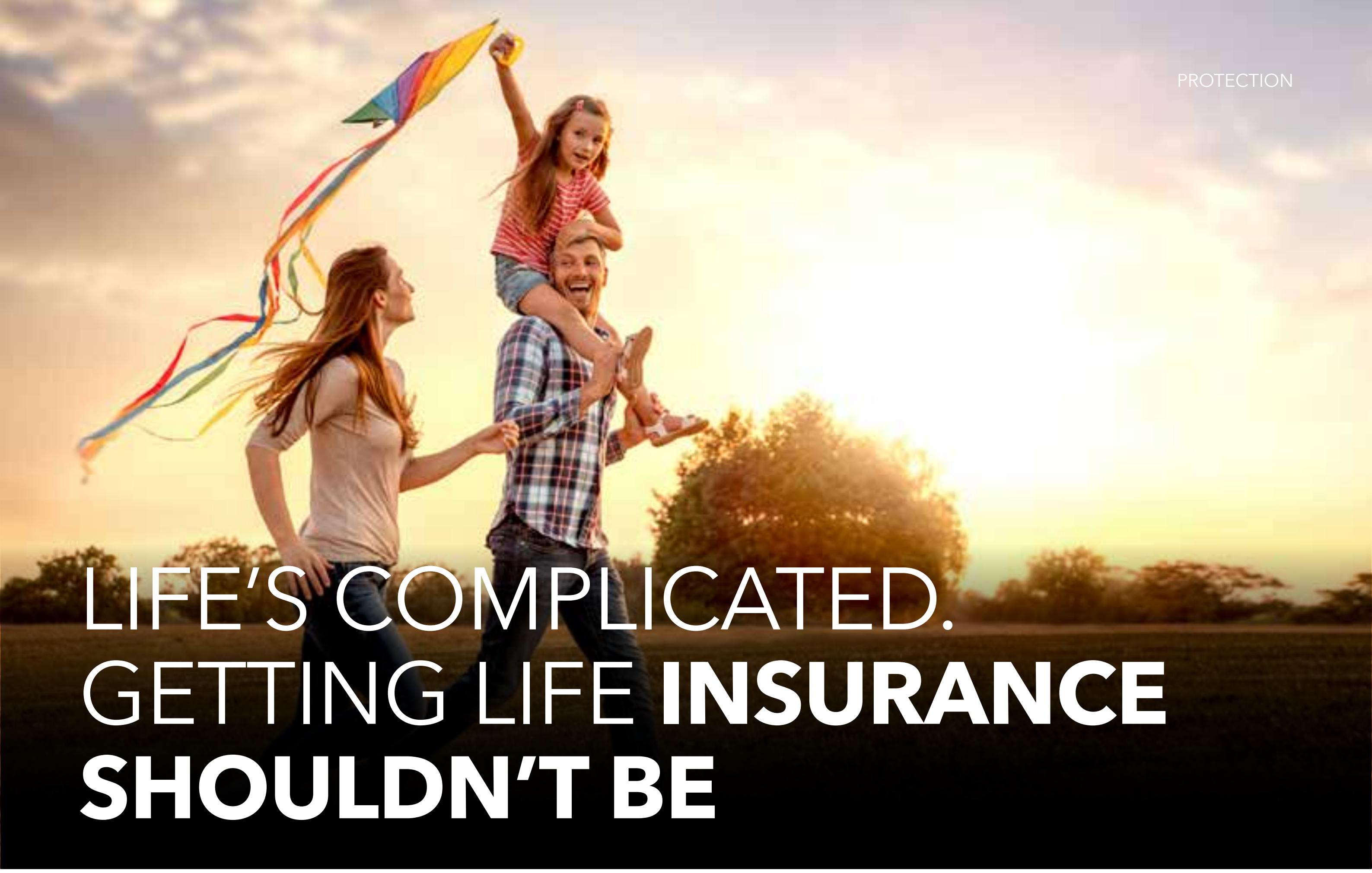
WANT TO DISCUSS HOW TO FIND YOUR OLD OR LOST PENSIONS?

If you suspect there's a lost pension in your name, it's worth the effort to investigate. For further assistance or to discuss any concerns regarding retirement planning, don't hesitate to contact us. Your financial security in retirement is our priority.

Source data:

[1] 'Lost Pensions 2022: What's the scale and impact?', PPI Briefing Note Number 134, Pensions Policy Institute, October 2022.



LIFE'S COMPLICATED. GETTING LIFE **INSURANCE SHOULDN'T BE**

MAKE SURE YOUR LOVED ONES ARE LOOKED AFTER SHOULD THE WORST HAPPEN

Significant life changes, such as getting married, having a baby and buying a property, are key times to consider protecting your family's future. Life insurance assures that your loved ones won't face financial stress in your absence and this peace of mind is not confined to those earning an income.

Even if you're not currently working, for instance, if you've taken a career break to raise children, your demise could impose unexpected costs such as childcare on the surviving partner. A life insurance payout could alleviate these expenses.

EASING THE STRAIN DURING AN EMOTIONALLY CHALLENGING TIME

The government does provide some benefits like Bereavement Support when a family member passes away. However, these benefits typically fall short of covering living costs. Moreover, even if you have a Will to financially support your family posthumously, the estate distribution process can be time-consuming. A life insurance payout can cover interim expenses or contribute towards funeral costs, easing the strain during an emotionally challenging time.

There are scenarios where life insurance may not be necessary. For instance, if you're single with no financial dependents or your partner earns enough to support your family without your income. However, remember that a life insurance payout could still be beneficial by allowing your partner to take time off work to grieve. Additionally, you can purchase life insurance more cheaply the younger you are and while you are in good health.

TYPES AVAILABLE AND HOW THEY ALIGN WITH YOUR CIRCUMSTANCES

Choosing the right life insurance policy necessitates understanding the types available and how they align with your circumstances. Often paired with a mortgage, term life insurance is a popular choice. It provides coverage for a specific term and only pays out if you die within the agreed period. There's no lump sum or refund if you outlive the term.

On the other hand, whole life insurance covers you for your entire life, provided you keep up with the monthly premiums. The guarantee of a payout makes these premiums higher. Life insurance typically only pays out in the event of death, but some policies offer a terminal benefit, paying out early if you're diagnosed with a terminal illness. Some insurers also provide integrated critical illness cover for slightly higher premiums.

Scrutinise your contract terms carefully to understand what is and isn't covered

It's important to note that most life insurance policies exclude certain causes of death, such as those resulting from drug or alcohol abuse. If you've been diagnosed with a severe illness, a basic life insurance policy may also exclude causes of death related to this illness. Therefore, we can advise and help you scrutinise your contract terms carefully to understand what is and isn't covered. ◀

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WANT TO DISCUSS PROTECTING THE FUTURE OF YOUR LOVED ONES SHOULD ANYTHING HAPPEN TO YOU?

Please contact us to learn more about life insurance and find the right policy for your needs. We are here to assist you in making an informed decision that best suits your individual circumstances

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PROTECTING YOURSELF FROM **INVESTMENT SCAMS**

IF SOMETHING SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS

Investment scams are a rising concern, promising potential investors the allure of making a significant amount of money swiftly and effortlessly. These scams often involve minimal to no risk investments in various areas such as financial markets, property, cryptocurrencies, and precious metals and coins.

These schemes often masquerade as legitimate investments, with convincing websites, glowing testimonials and persuasive marketing material. However, it's crucial to remember that if something sounds too good to be true, it probably is.

One of the most notorious forms of investment fraud is the Ponzi Scheme. This method involves collecting money from new investors to pay off earlier ones. Eventually, the scheme crumbles when the debts exceed the incoming funds, leaving many investors penniless.

'PROVEN' INVESTMENT STRATEGIES

Additionally, some scams start with offering complimentary investing seminars or training sessions. These free offerings usually serve as bait, leading to substantial charges for additional lessons or coaching that claim to enhance your chances of success.

The scammers may assert that their programme provides you with an easy-to-use system, complete with a team of experts who handle everything on your behalf. They may also give you the opportunity to learn about 'proven' investment strategies.

EVOLUTION OF SCAMS IN THE DIGITAL AGE

In today's digital age, investment scams have evolved into intricate webs of deceit. Some are so convincingly crafted that even seasoned investors fall prey to them. Scammers employ various tactics, such as cloning legitimate firms' websites or luring potential victims into unregulated investments, promising returns far superior to savings accounts.

The introduction of pension freedoms in April 2015 has made individuals aged 55 and over particularly susceptible to these scams. These individuals can now access lump sum payments from their pension pots, making them attractive targets for scammers.

IDENTIFYING THE RED FLAGS

All investment scams share one common trait – they promise high returns with minimal risk. If an opportunity appears too good to be true, it likely is.

Stay vigilant and be aware of the warning signs that may indicate a scam:

- Unsolicited contact via phone call, text, email or door-to-door visit.
- The firm refuses to allow a callback.
- Pressure to make quick decisions.
- Only mobile numbers or PO box addresses are provided as contact details.
- Promises of high returns with low risk.

SAFEGUARDING AGAINST SCAMS

To avoid falling victim to a scam, adhere to the following precautions:

- Dismiss any unsolicited calls, emails, texts or visitors. Legitimate investment companies will not cold call you or contact you unexpectedly.
- Verify the legitimacy of a company by checking the FCA register or the FCA warning list.
- If considering an investment opportunity, seek professional financial advice from an FCA-regulated firm.
- Always pay full attention to fraud warnings when making a payment: they are there for your safety.

MARKETING FAKE INVESTMENT PRODUCTS

Fraudsters are going to great lengths to market fake investment products, often impersonating known brands and appearing perfectly professional. With the prospect of high returns and financial protection, many people are losing most of their savings to this scam. ◀

NEED MORE INFORMATION?

Please contact us if you require further information or have questions about investment scams. Don't let scammers take advantage of your hard-earned money. Stay informed, stay safe.

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