



CHARTERED INDEPENDENT

WEALTH MANAGEMENT



SMART MONEY

JULY/AUGUST 2020

PRESERVING YOUR WEALTH

DEVELOPING A CLEAR PLAN FOR YOUR
WEALTH AND PROPERTY



THINKING AHEAD

How our retirement plans may change in response to the coronavirus pandemic

INFLATION-PROOFING YOUR PORTFOLIO

One of the biggest threats to the health of your investments

RISK OF RETIREMENT LONGEVITY

Maximising investment returns over a longer life expectancy

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INSIDE THIS ISSUE

Welcome to our latest issue. A return to how life was at the start of 2020 is some way off. Even now that lockdown restrictions are starting to be eased, coronavirus (COVID-19) will continue to affect our lives in many ways.

Whether you have earned your wealth, inherited it or made shrewd investments, you will want to ensure that as little of it as possible ends up in the hands of the taxman and that it can be enjoyed by you, your family and your intended beneficiaries. On page 10, we look at why, without an appropriate estate plan, your family may end up spending a substantial amount of time and money battling over your assets if you pass away.

The COVID-19 pandemic has had a dramatic effect on the global economy. Around the world, economic activity has dried up. Fewer consumers are buying and fewer companies are investing. But if you take the view that inflation will start to go up in the long term, on page 06 we look at why it is worth considering whether your savings and investments could be affected. After all, you need your investments, and the income from them, to keep pace with inflation to maintain the value of your buying power.

There are lots of variables in retirement: how long people will live for, the costs of goods and services they will need, interest rates available on their accumulated savings, and so on. But once you have retired, investing is anything but straightforward. On page 04, we discuss how to avoid having insufficient income to pay your projected retirement expenses.

A full list of the articles featured in this issue appears on page 03.

SHARPER FOCUS ON MONEY

The coronavirus crisis has drastically changed all aspects of life as we know it, but it has also brought a sharper focus on money, particularly on how prepared we are to weather unexpected financial events. We hope you find this issue useful, and if you require any further help or guidance, please do not hesitate to contact us.

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

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

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A woman with long, wavy blonde hair and black-rimmed glasses is sitting on a light-colored sofa. She is wearing a red and white horizontally striped long-sleeved shirt. She is holding and reading a newspaper. The background is a bright, out-of-focus interior space with a window and curtains, suggesting a comfortable, home-like environment.

RISK OF RETIREMENT LONGEVITY

MAXIMISING INVESTMENT RETURNS
OVER A LONGER LIFE EXPECTANCY

There are lots of variables in retirement: how long people will live for, the costs of goods and services they will need, interest rates available on their accumulated savings, and so on. But once you have retired, investing is anything but straightforward.

Your finances are a primary consideration, there's no doubt about it. If you have insufficient income to pay your projected retirement expenses, or less surplus income than you anticipated, you could find yourself working years longer than you intended or facing a retirement lifestyle that may not be what you had in mind.

PROTECTING YOUR INCOME STREAMS

Once you have retired, you'll have to juggle finding safe investments to protect your income streams while not being so safe you risk running out of money in retirement. The fundamental point about investing after retirement is that you are speculating to accumulate with a pot of money that represents the main body of your financial wealth.

However, once in the retirement stage, retirees often find that their actual costs are lower than they had expected. This situation can be the result of a number of factors. For instance, many expenses that absorbed a significant amount of your income in your working years may not exist during your retirement.

CHANGING DEMANDS ON A RETIREE'S INCOME

Other demands on a retiree's income may also have changed or have been eliminated. Even if you retire more gradually, working part-time or perhaps periodically, the accompanying work-related expenses may still be greatly reduced.

Depending on your life stage, taking into account your children's ages and the age at which you retire, you may also have finished paying their education-related costs. Other important factors to remember are that, in many cases, you are simply not having to save for retirement anymore.

ENJOYING A LONGER LIFE

While it's not a comfortable notion to think about, you also need to plan for the possibility that you may become disabled or incapacitated yourself during retirement. The reality is that enjoying a longer life can bring unexpected challenges such as illnesses, accidents and the effects of ageing, which can lead to additional expenses, including the cost of long-term care.

You may be familiar with the rule of thumb that states you will need 70% of your

pre-retirement income to sustain your lifestyle in retirement. In practice, however, this rule may be too general to address the very specific circumstances of each person's retirement. While this level of income may be adequate for some, the number of your dependents, your debt levels and your lifestyle aspirations can sway your needs significantly up or down.

MANAGING RISK APPROPRIATELY

A 'thinking ahead' mindset is very important in your retirement planning. Do you foresee changes in your approach to investment management decisions when you retire? It can be hard for some retirees to tone down their risk appetite when investing in retirement. They've had decades of practice at investing for growth, after all.

A properly diversified portfolio in retirement is key to maximising returns over a longer life expectancy while managing risk appropriately to avoid significant short-term losses. Retirees can take income from the conservative portion of their portfolios while allowing another portion to continue growing.

FACING ANOTHER TYPE OF RISK

While the risk of portfolio declines can't be overlooked when investing in retirement, retirees also face another type of risk: the risk of running out of money in retirement. Even though we have low inflation today, it's critical for retirees to keep up with inflation. Pressure on the Bank of England to boost the economy and push inflation back to its 2% target is expected to intensify.

Retirement investors who take an approach that includes equities throughout their savings years may also need to continue an element of this into retirement. If appropriate, some retirees may need to moderate the impulse to seek safe investments by including some growth-oriented ones in their portfolio, too.

YOUR OWN UNIQUE LIFESTYLE NEEDS

The challenge when investing after retirement is that no one investment or investment style can address the needs of a 30-year retirement. Each five-year segment, such as ages 65 to 70, or 70 to 75, has its own unique lifestyle needs and therefore investment needs.

Money invested in the first two or three segments, during which time retirement income needs are highly affected by the stock and bond markets and the sequence of returns, should be invested more conservatively than money invested in later retirement years.

EXPERIENCING VOLATILE RETURNS

One of the most important aspects of successful investing in retirement is diversification. Holding funds in cash may be suited to some retirees planning to draw down their entire pot over a short period. However, it is highly unlikely to be suited to someone planning to draw down their pot over a longer period.

Diversifying investments across a number of different assets is important because it may help to reduce the risks of investing during this time of your life. By risk, we mean both that of losing money and that of experiencing volatile returns. ■

HELPING MAKE SURE YOUR RETIREMENT SAVINGS LAST

Older investors have to balance the need to make withdrawals to live on in retirement with making sure they don't run out of money. You've worked so hard to save, and now you're finally retired. With the right strategy, you can help make sure your retirement savings last. Speak to us to discuss your options.

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THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

YOUR EVENTUAL RETIREMENT INCOME MAY DEPEND UPON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION.



INFLATION-PROOFING YOUR PORTFOLIO

ONE OF THE BIGGEST THREATS TO THE HEALTH OF YOUR INVESTMENTS

The coronavirus (COVID-19) pandemic has had a dramatic effect on the global economy. Around the world, economic activity has dried up. Fewer consumers are buying and fewer companies are investing.

If you take the view that inflation will go up in the long term, it is worth considering whether your savings and investments could be affected. After all, you need your investments, and the income from them, to keep pace with inflation to maintain the value of your buying power.

INFLATION OVER THE PAST DECADE

When we think about concerns over inflation today, we have to consider how the world looked immediately before the coronavirus pandemic, as well as our wider experience with inflation over the past decade.

In the run-up to the COVID-19 pandemic, things were actually pretty quiet on the inflation front. In fact, you could argue that policymakers were more worried about inflation being too low, or persistently low, rather than any return to the 1970s.

DECLINE IN DEMAND ACROSS THE ECONOMY

There are a number of factors driving down inflation at the moment. The social lockdown to help combat the spread of the virus is seeing us having to stay at home, meaning we have generally been spending less, which has led to a decline in demand across the economy. As elsewhere around the world, we have also been driving and travelling far less.

In addition, the price of oil has been a historic bellwether for the health of the global economy. The effect of lower oil prices feeding into lower costs of production for a wide range of goods will also push down inflation.

SPENDING COULD DRIVE INFLATION HIGHER

Despite unprecedented support from the UK Government to help workers and businesses, job security and consumer confidence has collapsed. Economic uncertainty and the threat of unemployment have left many less willing to spend and businesses less willing to invest in capital.

Unless the damage done to the economy ends up lasting, it's likely we'll see a pick-up in spending once there is some resumption of normality. Depending on how much demand is pent up, and how willing consumers and businesses are to part with their savings when we start to emerge from the crisis, the rise in spending could drive inflation higher.

OTHER POSSIBLE INFLATIONARY PRESSURES

Over the long term, there are worries about other possible inflationary pressures. Prices can also go up because there is less supply of products. The ongoing situation caused by the crisis is seeing significant disruption to trade, and some companies going out of business. This could also have the effect of constraining the supply of goods and competition in the global economy, contributing to higher prices at checkouts.

Due to the heightened degree of uncertainty in global markets, it is difficult to forecast the outlook for inflation with any certainty. Nonetheless, it is worth considering the possibility that inflation may rise to levels that have historically been more 'normal'.

INCLUDING SOME PROTECTION AGAINST INFLATION

Investors may not be overly concerned in the short term about inflation, but a diversified portfolio should always include some protection against inflation, whether through holding shares in companies that have the ability to raise their prices over time, or more direct inflation-protecting assets such as inflation-linked bonds. Exposure to inflation-protecting assets should be seen as part of normal portfolio allocation, rather than as a response to the threat of higher inflation.

Inflation poses a threat to investors because it chips away at real savings and investment returns. Most investors aim to increase their long-term purchasing power. Inflation puts this goal at risk because investment returns must first keep up with the rate of inflation in order to increase real purchasing power. ■

TAKE STEPS TO COMBAT INFLATION

Inflation might be beyond your control, but that doesn't mean you can't take actions to help preserve your investments and savings from its effects. To discuss this further or for more information, please contact us.

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RETIREMENT MATTERS

STAYING INVESTED AND GIVING YOUR MONEY THE GREATEST CHANCE TO GROW

Perhaps the most common investment advice is to stay invested. But with markets being so volatile, the ease of sticking to that advice has been sorely tested in 2020. Even though we've seen global markets bounce sharply from their March lows, understandably there will still be those investing for retirement who remain worried and wonder what the best approach is for the remainder of the year and beyond.



Depending on what stage of retirement planning you are currently at, if time is on your side, the evidence shows that remaining invested for the long term is one of the best things you can do for your overall retirement wealth. While it can be tempting to take money out of the market in the short term, it is highly likely to deliver lower overall returns.

INFLUENCED BY MARKET SENTIMENT

It's important that your long-term investment objectives are at the forefront of your mind and you align your actions with them. Any dramatic changes to an investment stance in the current environment is likely to be costly. It may make sense to consider doing things gradually or waiting for more stability.

Another consideration is that market liquidity can be poor in the current environment, which makes transactions potentially more expensive. With the omnipresent 24-hour media, it is too easy to become over-influenced by market sentiment, which makes decision-making with long-term consequences particularly difficult at times like this.

DIVERSIFICATION

Investment diversification will also help protect your investments from adverse market conditions. Diversification can be neatly summed up: 'Don't put all your eggs in one basket.' The idea is that if one investment loses money, the other investments will make up for those losses. It's one of the best ways to protect your investment portfolio from the many forms of risk. Diversification can't guarantee that your

investments won't suffer during times of market volatility, but it can improve the chances that you won't lose money in the long term, or that if you do, it won't be as much as if you weren't diversified.

PORTFOLIO REVIEW

Once the present coronavirus (COVID-19) crisis has subsided and market volatility has normalised, consider taking the opportunity to review your portfolio. Bear in mind that future income levels expected from the portfolio may have altered, for example, bond yields may have changed in either direction depending on credit rating, while future dividends from equities may be reduced at least temporarily, even if historical equity yields have risen.

PENSION DRAWDOWN

There have been nearly twice as many people seeking pension drawdown advice according to Unbiased, as pension withdrawals have reached a new high in the wake of the coronavirus crisis. But those acting without professional financial advice risk making some big mistakes. If your pension fund has been diminished due to recent market events, only time will help it recover – and taking money from an already depressed investment reduces the potential for recovery in your portfolio. So be careful how much you take out of your pot while it is still invested, or consider suspending withdrawals.

PATIENT INVESTOR

If appropriate to your particular situation, reacting to short-term market events by making dramatic portfolio changes makes it difficult to stay on course to achieve your investment goals. While

many investors feel they have to do something during a market downturn, history shows that the disciplined, patient investor will often be the one rewarded when markets return to their upward path. It's worth remembering that reacting to a market decline by selling an investment guarantees a loss that otherwise only existed on paper, and being out of the market can prevent you from participating in any gains when the markets bounce back. ■

PROFESSIONAL FINANCIAL ADVICE IS AN ESSENTIAL PART OF THIS PLAN

Ultimately, you should always have a well-thought-out plan when investing. Receiving professional financial advice is an essential part of this plan. It's not possible to forecast with any certainty another market downturn, but we can say that the long-term evidence supports staying in the market, rather than trying to time your entry and exit. To find out more, please contact us.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS TESTED BENEFITS AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

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TAX RULES ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

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



HOW WOULD YOU COPE WITHOUT AN INCOME?

MAKE SURE YOU'RE READY SHOULD THE UNEXPECTED HAPPEN

Mental health conditions might not be as easy to pin down as physical health conditions, but insurers are increasingly recognising the need to provide cover and support to people suffering with mental ill health. And with mental health behind so many income protection claims, it's worth reviewing what protection you have in place.

According to the Global Web Index, 54% of UK adults said that their mental health has worsened during the coronavirus (COVID-19) crisis. This concern is widespread, as the biggest fear for 30% of people is their mental health deteriorating during the epidemic^[1].

SEEKING MENTAL HEALTH SUPPORT

Claims for mental health account for 29% of income protection claims, with some 7% of adults in the UK seeking mental health support through Telehealth services^[2]. Worryingly, a Mind survey found that one in four said they had trouble contacting a GP or community mental health team as face-to-face appointments stopped in recent weeks^[3].

It's worth recognising that when it comes to mental health, insurers can offer more than simply the chance of a payout. A host of insurers have attempted to rise to the challenge of improving our mental states by providing a range of additional benefits and services that may give your mental health a boost.

ANXIETY AND DEPRESSION

During this time of uncertainty and anxiety that the COVID-19 lockdown has caused, it has never been more important to look after our mental health. Up to one in four people experience a mental health problem such as anxiety and depression every

week, and there is a strong correlation between financial health and mental health.

There is no difference in any of the insurance decision-making processes for mental health to those for physical health. The process by which decisions are made and guidelines are written is consistent for every medical condition whether physical or mental (or, as is often the case, a combination of the two).

MOST COMMON REASON

Over the course of the last decade, mental health issues in Britain have reached crisis levels. Approximately one in six people in England have met the criteria of having a common mental health problem such as anxiety or depression^[4].

It is estimated that in the future, one in four UK adults will experience mental illness during their lifetime, which could severely affect their ability to work. According to official statistics^[5], mental health problems represent one of the leading causes of work absence in the UK and are the most common reason for sickness absence notes issued by GP surgeries in England.

ACHIEVE MORE AND ENJOY OUR LIVES

Having good mental health helps us relax more, achieve more and enjoy our lives more.

The coronavirus outbreak means life has changed for us all. It may cause you to feel anxious, stressed, worried, sad, bored, lonely or frustrated.

The NHS website (<https://www.nhs.uk/oneyou/every-mind-matters/>) provides expert advice and practical tips to help you look after your mental health and well-being. ■

PROVIDING REAL PEACE OF MIND AND SECURITY

An income protection policy provides real peace of mind and the security of knowing that should anything happen regarding your health which leaves you unable to bring in your usual wage, there will be an income to cover the essentials beyond statutory sick pay. Contact us to find out more.

Source data:

[1] Global Web index - Coronavirus Research, April 2020 - Series 8: Health, Personal concerns

[2] Global Web index - Coronavirus Research, April 2020 - Series 8: Health, Adoption

rel="noopener noreferrer" of Telehealth services
[3] Mental health charity Mind finds that nearly a quarter of people have not been able to access mental health services in recent weeks

[4] <https://www.canadalife.co.uk/news/britain-s-mental-health-crisis-and-group-insurance>

[5] <https://digital.nhs.uk/data-and-information/publications/statistical/fit-notes-issued-by-gp-practices/september-2018>

BUILDING A STRATEGY THAT MEETS YOUR FINANCIAL NEEDS

PREPARING OURSELVES FOR LIFE TO BE REALLY STRANGE FOR SOME TIME

The only constant in life is change, which is why individual financial life planning should not be a one-off exercise. Reviewing your finances regularly is essential if you want to stay on track to meet your financial goals. Making sure your finances are in the best possible shape will also make sure you stay on course to achieving everything you want.

Everyone has been affected by the coronavirus (COVID-19) pandemic and the measures needed to control it. It's likely that coronavirus will loom over us until we have an effective vaccine, so we need to prepare ourselves for life to be really strange for some time.

CHANGES IN YOUR FINANCIAL CIRCUMSTANCES

As situations in our lives change, it's important that our financial plans are updated by carrying out regular reviews. One of the main reasons why you should review your financial plan regularly is to reflect any changes in your financial circumstances, be it internal or external. You'll also have different goals and priorities as you enter different stages of your life. So where are you currently?

EARLY CAREER

You're likely to be just starting out in your career and might be feeling a little unsure how to implement a budget or manage and maximise your cash flow. A house deposit may be on your horizon, or perhaps you are considering your investment options, but you're just not sure how to get started. It's never too early to start looking at your financial position.

When you first begin earning an income, budgeting is the critical financial skill that you need to master. Developing a suitable budget and building the discipline to live within your income so that you don't fall into a debt trap is key.

Once you learn to contain your expenses to available income, you should start building

savings into your budget. The emergency fund will have the first claim on your savings, and this is an urgent and important task.

Initiating some investments for retirement is another key task at this stage, even though the goal may seem too much in the future to be relevant now. Investments for other goals are optional at this stage and can commence once your income and savings stabilise.

MIDDLE-AGED

This is the stage that you'll find the most demanding. You're settled in your career, a young family means your expenditure has increased, and you are looking to repay your mortgage fast while also funding your children's education and/or childcare.

Receiving professional financial planning advice will help you manage an increasingly complex budget, as well as looking to ensure your family is protected in the event of something happening to you. Of course, you may also want to know if you can afford an annual holiday to enjoy the family you now have.

Implementing a plan early in this stage will allow you to reap the benefits later on in life, as well as providing security for your family and any other dependents.

PRE-RETIREMENT

You may now be looking to leave the workforce soon and want to find out if this is financially possible. Your children are now adults and your expenditure has steadied, so you may be starting to look seriously at your ideal retirement lifestyle.

By managing your personal finances prudently so far, this stage of your life will be the golden stage

for your finances. Your income is higher and seeing an upward growth trend, while your expenses have stabilised, resulting in growing savings.

Being mindful of expenses is important even at this stage, and the focus of budgeting is to maximise on savings and investments. Managing your investments is critical in this period. Many of your goals are close to being funded, and the investments may need to be rebalanced to reflect this.

Your life and other protection requirements should be updated and aligned to your current and future situation. Now that you have accumulated wealth, it's time to consider how you would like to eventually distribute your estate in the most tax-effective way.

RETIREMENT

You have finally left the workforce and are looking at how to maintain a steady income, discovering what benefits you may be entitled to, and how to maximise these.

Budgeting becomes the focus of finances once again during retirement. The object now is to control expenses to stay within the available income. Managing your investments to generate income and protect it from rising inflation also becomes a primary investment activity at this stage.

Adequate health protection is critical, as health costs can throw your income off the rails. Life insurance may be relevant only if it is required to protect retirement income for your spouse, and debt should not be a big part of your finances at this juncture. ■

WHAT OPTIONS ARE AVAILABLE TO YOU?

Whether you're looking for advice in relation to saving for retirement, asset allocation, protection or estate planning, we will be able to offer expert advice and help you make the right financial decisions for your own unique situation and goals. Speak to us to see how we can help.



PRESERVING YOUR WEALTH

DEVELOPING A CLEAR PLAN FOR YOUR WEALTH AND PROPERTY

Whether you have earned your wealth, inherited it or made shrewd

investments, you will want to ensure that as little of it as possible ends up in the hands of the taxman and that it can be enjoyed by you, your family and your intended beneficiaries.

Without an appropriate estate plan, if you pass away, your family may end up spending a substantial amount of time and money battling over your assets – and no one can really be sure of how you were planning to distribute your wealth.

This means that the process of dividing up your assets could become complicated. Estate planning gives you control over what happens to your assets when you pass away. It is a fundamental part of financial planning, no matter how much wealth you have accumulated.

Not only does an estate plan help to ensure that those who are important to you will be taken care of when you're no longer around, but it can also help ensure that assets are transferred in an orderly manner, and that Inheritance Tax liabilities are minimised.

The process involves developing a clear plan that details how you would like all of your wealth and property to be distributed after your death. It involves putting documentation in place to ensure that your assets are transferred in line with your wishes.

Your estate consists of everything you own. This includes savings, investments, pensions, property, life insurance (not written in an appropriate trust) and personal possessions. Debts and liabilities are subtracted from the total value of all assets.

WHAT TO CONSIDER WHEN DEVELOPING AN EFFECTIVE PLAN FOR THE FUTURE

WRITE A WILL

One of the most important components of an estate plan is a Will. First and foremost, a Will puts you in control. You choose who will benefit from your estate and what they are entitled to. You also decide who will administer your affairs after your death.

If you don't make a Will, the intestacy rules will decide who benefits from your estate – and that can produce undesirable results. The law also sets a hierarchy of who is able to handle your financial affairs after death, and that can lead to problems if the person is not suitable because of age, health, geographical location, or for any other reason.

MAKE A LASTING POWER OF ATTORNEY

A Lasting Power of Attorney (LPA) can be made for Property and Financial Affairs, as well as Health and Welfare. These documents can be put in place at any time, and it is important to consider setting them up, no matter what age you are.

An LPA sets out your wishes as to who should assist you in relation to your property and financial affairs and health and welfare. You can control who deals with these and set out any limitations and guidance.

PLAN FOR INHERITANCE TAX

Once the Will and the LPA are sorted, the next step is to think about Inheritance Tax planning. Whenever someone dies, the value of their estate may become liable for Inheritance Tax. If you are domiciled in the UK, your estate includes everything you own, including your home and certain trusts in which you may have an interest.

Inheritance Tax is potentially charged at a rate of 40% on the value of everything you own above the nil-rate band threshold. The nil-rate band is the value of your estate that is not chargeable to UK Inheritance Tax. The amount is set by the Government and is currently £325,000, which is frozen until 2021. In addition, since 6 April 2017, if you leave your home to direct lineal descendants, the value of your estate before tax is paid will increase

with the addition of the residence nil-rate band. For the 2020/21 tax year, the residence nil-rate band is £175,000.

GIFT ASSETS WHILE YOU'RE ALIVE

One thing that's important to remember when developing an estate plan is that the process isn't just about passing on your assets when you die. It's also about analysing your finances now and potentially making the most of your assets while you are still alive. By gifting assets to younger generations while you're still around, you could enjoy seeing the assets put to good use, while simultaneously reducing your Inheritance Tax bill.

MAKE USE OF GIFT ALLOWANCES

A gift from one individual to another constitutes a Potentially Exempt Transfer (PET) for Inheritance Tax. If you survive for seven years from the date of the gift, no Inheritance Tax arises on the PET.

Each tax year, you can give away £3,000 worth of gifts (your 'annual exemption') tax-free. You can also give away wedding or registered civil partnership gifts up to £1,000 per person (£2,500 for a grandchild and £5,000 for a child). In addition, you can give your children regular sums of money from your income.

You can also give as many gifts of up to £250 to as many individuals as you want, although not to anyone who has already received a gift of your whole £3,000 annual exemption. None of these gifts are subject to Inheritance Tax.

INVEST INTO IHT-EXEMPT ASSETS

For experienced suitable investors, another way to potentially minimise Inheritance Tax liabilities is to invest in Inheritance Tax-exempt assets. These schemes are higher risk and are therefore not suitable for all investors, and any investment decisions should always be made with the benefit of professional financial advice.

One example of this is the Enterprise Investment Scheme (EIS). The vast majority of EIS-qualifying investments attract 100% Inheritance Tax relief via Business Relief



/// ESTATE PLANNING IS
A FUNDAMENTAL PART OF
FINANCIAL PLANNING, NO
MATTER HOW MUCH WEALTH
YOU HAVE ACCUMULATED.

(BR) because the qualifying trades for EIS purposes are very similar to those which qualify for BR. Qualification for BR is subject to the minimum holding period of two years (from the later of the share issue date and trade commencement).

LIFE INSURANCE WITHIN A TRUST

Writing life insurance in an appropriate trust is one of the best ways to protect your family's future in the event of your death. Your life insurance policy is a significant asset – and by putting life insurance in trust, you can manage the way your beneficiaries receive their inheritance.

The proceeds from the policy can be paid directly to your beneficiaries rather than to your legal estate, and will therefore not be taken into account when Inheritance Tax is calculated.

KEEP WEALTH WITHIN A PENSION

A defined contribution pension is normally free of Inheritance Tax, unlike many other investments.

It is not part of your taxable estate. Keeping your pension wealth within your pension fund and passing it down to future generations can be very tax-efficient estate planning.

If you die before 75, your pension will be passed on tax-free. However, if you die after 75, your beneficiaries will pay tax on the proceeds at their highest income tax rate. Your pension will not be covered by your Will, so you will need to ensure that your pension provider knows who your nominated beneficiaries are. ■

PRESERVED WEALTH FOR FUTURE GENERATIONS

We all have one thing in common: we can't take our assets with us when we die. If you want to ensure that your wealth is preserved for future generations and passed on efficiently, an estate plan is crucial. To discuss your situation, please contact us for more information.

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 RULES AROUND TRUSTS ARE
COMPLICATED, SO YOU SHOULD ALWAYS
OBTAIN PROFESSIONAL ADVICE.

THE VALUE OF INVESTMENTS AND
THE INCOME THEY PRODUCE CAN FALL AS
WELL AS RISE. YOU MAY GET BACK LESS
THAN YOU INVESTED.



INCREASED INVESTOR FOCUS ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Environmental, social, and governance (ESG) issues continue to be a priority for many investors. Your values define you. But do your investments reflect who you are?

Increasingly, investors are urging companies to build ESG considerations into their long-term strategy, bringing it up during engagements and using shareholder proposals to force companies to take action. Investing sustainably means putting your money to work on issues including adapting to and mitigating climate change, improving working conditions and diversity, and tackling inequality.

POLICY OF ENGAGEMENT

Recent research has identified that nearly three quarters of women aged 40 and over would divest their pension from companies with poor pay practices, led by 74% of female 'Boomers'^[1]. A majority of men of the same age group agree but younger women are split 50:50.

By contrast, many Millennials want to divest their pensions from the fossil fuels industry. Half (49%) of all age groups prefer a policy of engagement before divestment.

GENERATIONAL DIFFERENCES

Revealing clear and generational differences, the findings highlight a strong contrast between the relative importance of ESG issues to older generations and the views of younger people, who are more focused on climate issues.

Millennials were more likely than any other generation to want to reduce their exposure to the fossil fuel industry, despite any potential consequences. Even if there was a resulting

performance impact, 45% of Millennials would opt to divest their pension from fossil fuels. This compares to 30% of Generation X, while Baby Boomers (at just 23%) were half as likely as Millennials to divest from fossil fuels regardless of the investment outcome.

INVESTMENT RETURNS

Including a further 41% of Millennials who would only divest from fossil fuels if it didn't impact investment returns, a combined 86% of Millennials would choose to divest their workplace pension from fossil fuels if it would have no negative impact on their pension.

But several of Britain's top pension funds say they would have lost hundreds of millions of pounds had they sold out of oil and gas stocks in recent years, highlighting a potential cost to scheme members as funds face pressure to help fight global warming.

WORKPLACE PENSIONS

Reuters contacted 47 of Britain's largest pension funds, with 33 saying they were not divesting from fossil fuels. Some highlighted the potential impact on returns and their preference to engage with oil and gas companies as reasons.

Across all age groups, nearly half of all adults (49%) would prefer a policy of engagement to encourage change before divesting. It is also notable that only half of respondents were

already aware of the types of investments within their workplace pensions, implying many more may not be aware of possible inconsistencies between these investments and their own beliefs. ■

INVESTMENTS WITH SOCIAL IMPACT

More and more, investors want to invest sustainably; they want to combine investing for a financial return with a positive contribution to the environment, society or both. Whether you're just curious about what options are available to you, or if you're strongly opposed to or for certain investment options, please contact us for further information.

Source data:

[1] Research from Legal & General Investment Management (LGIM) conducted by Watermelon Research (fieldwork): 22-29 October 2019 consisting of 1,000 interviews (online) with UK adults between the ages of 25 and 65, who have a workplace pension and work in the private sector.

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.

THINKING AHEAD

HOW OUR RETIREMENT PLANS MAY CHANGE IN RESPONSE TO THE CORONAVIRUS PANDEMIC

The coronavirus (COVID-19) pandemic has touched virtually every part of our lives and is having a widespread impact across all aspects of financial life, including retirement plans.

As a result, a significant number of people aged over 50 and in work are potentially considering delaying retirement (15%) by an average of three years, or will continue working indefinitely on a full or part-time basis (26%), as a direct result of the COVID-19 pandemic, according to new research^[1]. The findings also suggest that people, particularly those who have been furloughed or seen a pay decrease, would benefit from a financial review to assess their options before changing their plans.

DELAY RETIREMENT

Data from the Office for National Statistics currently shows the number of workers aged above 65 years is at a record high of 1.42 million^[2]. However, if people change their retirement plans in response to the pandemic, this could increase considerably.

While, on average, those who plan to delay their retirement expect to spend an additional three years in work, 10% admit they could delay their plans by five years or more. These figures are significantly higher for the 26% of over-50s workers who have been furloughed or seen a pay decrease as a result of the pandemic. 19% of these workers will delay, and 38% expect to work indefinitely.

FUTURE PLANS

Some retirees nearing retirement age might need to be flexible with their plans for the future. It's uncertain just how long it will take for life to return to normal, and while some people may still be able to retire right on schedule amid the COVID-19 crisis, others may need either to postpone retirement or consider retiring early.

As a result, the impact of COVID-19 on stock market performance may also be leading some retirees and those close to retirement to question their investment strategy, but what's the right approach? Understandably, the impulse to react – and to protect what we have – is strong.

REGULAR REVISION

Retirement planning and financial planning, in general, are not 'one-and-done' exercises. It's much better to think of them as fluid and as requiring regular revision. Attempting to time the market and avoid volatility by making dramatic changes to your portfolio can cause harm to your long-term investment results.

With many areas of the global economy coming to an abrupt halt, markets have seen a saw between gains and declines as investors weigh the potential impact of massive stimulus initiatives by governments and central banks.

ECONOMIC UNCERTAINTY

The barrage of news is unrelenting. On a daily basis, we hear about more COVID-19 cases, job losses, economic concerns and oil price shocks, to mention just a few. But long-term investing is ultimately about avoiding selling out of the market during periods of economic uncertainty and crystallising losses. Staying invested means you'll be able to benefit from any potential recovery, and it helps to remember that volatility is actually the norm for stock markets.

To give yourself the best chance of achieving your retirement investment goals, the right mix of asset classes is essential. An effective strategic asset allocation is one that takes enough risk to give your portfolio the potential to grow, but not so much that you feel uncomfortable – and therefore more likely to withdraw funds at the wrong moment.

BETTER OPTION

Whether you decide to postpone retirement or retire early depends on your situation. If you still have a job and your savings have been impacted over the last few months, delaying retirement to give yourself more time to prepare may be a better option.

On the other hand, if you lose your job and don't know when you'll be able to find another

one, you might choose to simply retire earlier than you'd planned. If you have plenty of savings set aside, you may be able to enjoy retirement comfortably. Otherwise, you might choose to go back to work in a few years when jobs aren't so scarce to build a stronger retirement fund. ■

MAKING THE BEST DECISION FOR YOUR SITUATION

Whatever option you choose, make sure you've thought about the advantages and disadvantages so you know you're making the best informed decision for your situation. For further information or to discuss your situation, we're here to help you.



Source data:

[1] *Opinium Research for Legal & General Retail Retirement ran a series of online interviews among a nationally representative panel of 2,004 over-50s from 15-18 May 2020.*

[2] *Office for National Statistics, Labour market overview, UK: May 2020*

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



RETIREMENT FREEDOMS

ENSURE YOUR FUTURE INCOME WILL ALLOW YOU TO ENJOY THE LIFESTYLE YOU WANT

Preparing for retirement is like getting ready for a journey – it never goes quite as planned. But the better the plan, the better the outcome. When things go wrong, you want to have the flexibility to adapt to changing circumstances. You never know what retirement will be like until you get there.

It's also important to remember that retirement is not a single event. It is a process that begins long before you leave work and continues for the rest of your life. Retirees finally have the freedom to choose how to spend their time. While some people want to relax after a lengthy and stressful career, others are ready to move on to the next adventure.

The simple fact remains that those who prepare a financial plan are more likely than those who don't to have a realistic idea of their retirement income and whether it will meet their needs. A personalised financial plan also means that if your projected income falls short of your requirements, you'll likely have a backup strategy to help make up the difference.

ENJOY A NEW LEASE OF LIFE

But retirement is a challenging new phase in life. While it ranks high on the scale of stressful life events, it also provides the opportunity to enjoy a new lease of life. You are likely to enjoy the freedom to develop new interests but on the other hand you may feel lonely, isolated and

bored at times. An important step is to plan your goals and work towards them.

Unfortunately sentiments about a lack of preparedness for retirement go hand in hand with a lack of knowledge about what someone actually needs. That's why a professionally prepared financial plan helps determine, with a greater degree of accuracy, what it will actually take to facilitate a chosen retirement lifestyle and goals.

CHOSEN RETIREMENT LIFESTYLE

Then, ask yourself what income you will need to accomplish your chosen retirement lifestyle and what factors might affect your ability to fulfil those wishes. You may find there are non-financial factors that have a significant impact on whether or not you achieve your objectives.

However, planning for an uncertain life expectancy in retirement unfortunately means some individuals may face the possibility of running out of money before they die, as they could save less during their working life and spend more in retirement than is appropriate for their circumstances.

MAIN QUESTIONS TO CONSIDER

One of the main questions you need to consider is, 'What do you anticipate to be your major sources of expenditure in your retirement years?' The answer greatly depends on your circumstances, your family and your retirement plans. Many retirees aim to travel in retirement, at least for a portion of the time. In retirement you may be planning to travel as tourists throughout the world, to visit family or to enjoy holiday properties located in the UK or elsewhere.

It's also a time when you may want to carry out some renovation work on your home, or move to the country or city, start a business, spend more time with friends and family, go back into education, learn a new language or to play an instrument, start a new hobby, take up a new sport, join a gym or fitness group, or do absolutely nothing. ■

ENJOYING THE NEXT PHASE OF YOUR LIFE

Whatever vision we all have for our retirement, it should be one of the most enjoyable periods of our lives. So, if you're concerned you won't have enough income in retirement to maintain your pre-retirement lifestyle, please contact us.





FINANCIAL FALLOUT FROM COVID-19

IMPACT ON THE NATION'S WEALTH AND FINANCIAL SECURITY

It is becoming uncomfortably clear that while not everyone has been physically affected by coronavirus (COVID-19), every single one of us will be impacted financially. During the pandemic, savings and investments have been volatile, as have wages and jobs.

As a result, the virus has affected the majority of people's savings habits according to new research^[1]. 6 in 10 savers (59%) have made changes to their monthly savings since the start of the pandemic. Employment status in particular is driving significant differences in savers' actions.

The average increase among those who are saving more is £197, but this is even higher among those in full-time employment. More than 4 in 10 (43%) of those in full-time employment and not furloughed have been able to increase their savings, with the average additional contribution being £216.

DECREASED SAVINGS

This increase is significant and equivalent to around 10% of average monthly earnings^[2]. Young people aged between 18-34 have been disproportionately likely to increase their savings, with an average increase of £218.

By contrast, 3 out of 10 (28%) savers have decreased or stopped saving, with an average cut of £159 per month. The greatest reductions

in savings are amongst the self-employed, where over half (53%) have decreased savings by an average of £239, and furloughed workers, where over 4 in 10 (42%) have decreased savings by an average of £176.

FINANCIAL SECURITY

While the coronavirus is first and foremost a health crisis, it is also having a big impact on the nation's wealth. The research shows that there is a stark divide between those who have been able to save more because their expenditure in lockdown has reduced and those who have had to cut back or stop regular savings.

If this divide in savings patterns continues for any length of time, it will have a big impact on the future financial security of different groups. For those fortunate enough to have continued in employment, there's been a positive impact on saving.

SHARP CONTRAST

With less money being spent on the daily commute, leisure activities and eating out, our

research finds many have taken the opportunity to increase their monthly savings by an average of £197. But in sharp contrast, the self-employed and those employees who have been furloughed are the groups most likely to have reduced or stopped savings.

In these uncertain times, many have no option but to focus on today's challenges. But where possible, putting more aside into savings can help people build up greater financial security for their futures. Before making any major changes to savings, it often pays to seek financial advice. ■

Source data:

[1] Opinium research for Aegon surveyed 2,000 adults between 15 and 19 May 2020

[2] ONS report median weekly earnings as £585 or £2,342 per month - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours>

YOU FINANCIAL WELL-BEING

The coronavirus pandemic has turned many people's emotional and financial lives upside down. Attention is now turning to the economic consequences and the need for greater financial guidance. If you would like to discuss any aspects of your financial well-being, we're here to help support you.



TOP 10 COUNTRIES TO RETIRE ABROAD

LIVING IN A PLACE WHERE THE LIFESTYLE AND COST OF LIVING MATCHES YOUR FINANCIAL SITUATION

Are you ready to spend your golden years in comfort, style and maybe even a bit of luxury? As a retiree, you'll want to be able to live in a place where the lifestyle and cost of living matches your financial situation.

It goes without saying that before retiring in another country you need to do your research thoroughly. You need to know what it is like living there and how much it will cost. Do they have all your creature comforts and favourite products you want? Are there theatres, entertainment, sports, activities and more? Is the healthcare system good? Getting older means more healthcare needs. Is the healthcare system affordable, or would you need to take out private health insurance?

It's important to understand how your pensions might be affected. Will your pensions be payable into a local bank account? Can you move your pension overseas? Also don't forget to look at the tax implications of living in another country other than your home country.

You'll also need to consider the visa application and residency process for moving to this country. Make a thorough budget of your expected monthly living expenses to see if it is financially viable to relocate. Remember to factor in airfare costs for visits to family back home.

Many people dream of retiring abroad or travelling long term. We've provided a list of 10 destinations to consider for your golden years.

PORTUGAL

While not yet quite as popular as its Iberian neighbour, Portugal is increasingly being seen as one of the premier retirement locations in Europe. Retiring in Portugal is, without doubt, the best choice if you're not cut out for life in the developing world or the tropics.

It enjoys one of the most stable climates in the world and 3,300 hours of sunshine per year. This means sunnier days than almost anywhere else in Europe. Portugal's Algarve region has 100 miles of Atlantic coastline, punctuated by jagged rock formations, lagoons and extensive sandy beaches, many awarded coveted Blue Flags from the European Blue Flag Association.

Recent legislation allows resident foreign retirees to receive pension income in the country tax-free. The law also provides for reduced taxation on wages, intellectual property, interest, dividends, and capital gains under certain circumstances.

MEXICO

Retiring in Mexico has always been a top choice for many Britons looking to escape the cold winters, stretch their retirement budgets, or seeking out an adventure. For many, Mexico

offers a lot of the benefits of back home, without much of the hassle.

In the big cities, major expat and tourist areas, most people speak English. If you move here you can get by without learning Spanish and be comfortable. If you move outside of these areas, you will find that most people speak only Spanish.

The Mexico health care system provides both public and private options. You can find at least one hospital in every mid-sized and large city. Plus, it is simple and straightforward to buy property in Mexico for foreigners. Yet, you need to do your due diligence and hire professional advice which is a must.

ITALY

Italy is experiencing another renaissance and is one of the best places to retire in the world. But it's not only retirees looking to move to Italy.

Certain corners of Italy can be among Europe's best bargains. If you are looking for old world charm at an affordable price, Italy should be at the top of your list. About a third of Italians speak English. Italy's health care is ranked one of the highest in the world. Citizens and residents have access to their National Health Service for free or at a low rate.

Italy is a cradle of Western civilization. It has more UNESCO World Heritage sites than anywhere else in the world. And what about the food? Italy is definitely the best place to retire for any food lover. The cuisine is world-famous, and each region has signature dishes and its own style of cooking.

FRANCE

Carefully planning your finances and retirement pension will enable you to make the most of living in France when you retire. With France's climate, excellent food, wine and laid-back lifestyle, not to mention the excellent health care system, value-for-money properties and the fact that older people are really respected, France remains high on the list of dream destinations for expat retirees.

You'll have to prove to the French authorities that you have a pension or other means of financial support, as well as a health plan to meet the cost of healthcare.



Offering new cultures and experiences, Italy has spectacular cities, great beaches, and beautiful natural scenery.

The cost of living is low in Thailand and it has a rich culture with delicious cuisine and friendly people.



If you have a UK state pension, you can currently claim it in France and have it paid directly into a French bank account in euros without incurring any transfer fees or bank charges. Private pensions are normally paid in sterling into a UK bank account and you have to convert and transfer it into your French account.

THAILAND

Considering its diverse culture and geography, Thailand is one of the best places to retire in Asia. Thousands of expats from across the globe settle here each year. The diverse geography ranges from cool, misty mountains to white-sand beaches. You can live in bustling, modern super-cities or enjoy the slow pace of life in a small town.

You can be sure that wherever you choose to retire in Thailand, there will already be a few expats there to welcome you. One of the best reasons to choose retirement in Thailand is that you can get a retirement visa. Other types of expats will have to show proof of employment in the country or make repeated visa runs to stay.

If you meet certain income requirements, you can apply for a retirement visa. This will take out some of these steps for you.

SPAIN

Spain remains well within the budget of many retirees and is one of the most popular retirement destinations, given its temperate climate, laid-back lifestyle and coastal attractions. It's also a relatively easy place to settle, given the large English-speaking population.

It has incredibly diverse regional cuisine and you'll be sure to find plenty to keep you active. There are many great benefits for expats retiring there such as a low cost of living and excellent affordable healthcare.

While private healthcare is popular among expat retirees in Spain, due to the often long waiting lists and high demands of services, the country does have a comprehensive and well-developed national healthcare system.

MALTA

Malta is an increasingly sought-after retirement destination among expats these days and

it's no surprise why. Situated just 100 miles south of Sicily, the Mediterranean island offers an incredible charm, from its crystal-clear aquamarine waters to its stunning historic cities.

Malta, a string of three small islands in the southern Mediterranean, is one of the most affordable and historic places to retire in Europe. The country is home to some of the oldest human artefacts in the world and has been occupied by the Phoenicians, Byzantines, Ottomans and Knights Templar.

The language is English, crime rates are low and the health care is excellent. Malta does not offer a retiree visa, but its Global Residence Program amounts to one of the best residency opportunities in Europe. You can qualify simply by renting a place to live for as little as 800 euros per month.

THE DOMINICAN REPUBLIC

With an established expat community from across the world and a tropical climate, warm all year round, the Dominican Republic is a place where you can enjoy old town colonial living. The city of Santo Domingo was originally founded by Columbus and is packed with centuries of rich history.

Today you can find a blend of European architecture and Latin lifestyle. This makes it one of the best places to retire anywhere in the world. The price of property in the Dominican Republic is still affordable and comes with some major benefits. The government is also investing in infrastructure within the country. Roads are improving all the time, while the Dominican Republic is also marketing itself as a medical and dental tourism location.



A relatively easy place to settle, Spain offers a temperate climate, laid-back lifestyle and coastal attractions.

There is a generous residency program.

The climate and beaches are one of the main attractions of living in the Dominican Republic. The white sand beaches are as good as you can find anywhere in the world. The waters are warm throughout the year, perfect for swimming, sailing and any number of other watersports.

BELIZE

Belize is a safe, welcoming, unassuming little country. The population values personal privacy, self-determination and freedom, making it one of the best places to retire in Central America.

As well as a reef, ruins, rivers and rainforest, Belize offers easy residency and tax-free living. It's an English-speaking safe haven for both you and your money.

Belize is also a banking haven, one of the few remaining in the world. Every bank must maintain a minimum of 24% liquidity at all times, and its bankers respect bank secrecy. It's one of the easiest places in the world to open an offshore account. This is yet one more reason to consider Belize for retirement.

PANAMA

Modern living, beautiful weather and friendly people see Panama becoming increasingly popular amongst retirees. Many expats who are already there find themselves significantly happier and healthier after moving to Panama.

In particular they say the great food, slower lifestyle and luscious tropical landscapes allow them to easily escape the worries of the wider world.

Panama, of course, has one other major draw: you will not be taxed on foreign earnings while living there. This means you can collect your full UK pension without paying any income tax. ■

CONGRATULATIONS ARE DEFINITELY IN ORDER

If you're close to retirement and you've worked hard, done well for yourself and managed to build a sizeable nest egg, congratulations are definitely in order. The world is literally at your feet.

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RISE OF THE FEMALE BREADWINNER

WOMEN NOW EARN THE MOST IN ONE-IN-FOUR HOUSEHOLDS

The proportion of female breadwinners is steadily rising but the trend could be knocked off course by the coronavirus (COVID-19) crisis. Women out-earn male partners in almost a quarter of households, up from a fifth 16 years ago, according to new research[1].

The findings show a shift in the traditional earning dynamic between couples and reveal that the common assumption that male partners are the higher earners is becoming outdated. There is a risk that the coronavirus crisis will knock the trend off course, as more women than men are expected to have reduced hours to cover caring responsibilities, be furloughed or lose their jobs.

The percentage of households in which the female partner earns more than the male partner has steadily risen from 19.8% 2004 to 23.3% in 2019, an 18% rise.

Women earn the same as or more than their male partner in almost three-in-ten households, up from 22.3% of households in 2004 to 27.6% of households in 2019, the research figures show. Men earn more than women in seven-in-ten households (72.4%), down from 77.7% in 2004.

At the current rate of growth, it will take 62 years before women earn more than men in more than half of households.

A rise in the proportion of female breadwinners and women who earn the same as their male partners has potentially profound consequences for society, including:

- The way couples spread the burden of caring responsibilities for children and adult relatives
- The way couples manage their joint finances
- The gender pay gap and pension gap

The shift also suggests that demand for wealth products and financial advice will increasingly come from women.

These figures suggest women's earning patterns are breaking out of a vicious circle that has persisted for generations, in which women have traditionally assumed caring roles, so have earned less, then because they earn less, their incomes and careers often take the hit when caring duties arise.

The expected impact of the coronavirus lockdown on women's work and earnings is an example of this playing out in real time, as women's work has been lost through job cuts and caring demands. This could have lasting impact and derail the rise of the female breadwinner.

However in those households where women already earn more, it may make economic sense for male partners to take on more of the responsibilities that typically take women out of the workplace. This could mean more children seeing their fathers as carers.

Understanding the dynamic of earnings in someone's household can also help employers shape HR policies on matters such as flexible and part-time work for men as well as women. ■

Source data:

[1] Office for National Statistics (ONS) on behalf of Royal London. Data from ONS analysis of the Annual Population Survey cases where the ONS has information on earnings for both the Household Reference Person (this is the highest-earning, or oldest in the case of equal incomes, person in the household who owns the property or with responsibility for paying the mortgage or rent) and their spouse/co-habiting partner, comparing the earnings of the man and the woman in the household.



PROTECTING YOUR RETIREMENT PLANS

DON'T LET CORONAVIRUS DERAIL YOUR FINANCIAL FUTURE

The COVID-19 pandemic has touched virtually every aspect of our lives, not least of which is how we save for retirement. And while the number one priority is keeping our families and ourselves safe and healthy, the next topic on most people's worry list is the financial impact, especially if the situation doesn't improve quickly.

As global markets have been highly volatile, the planning towards achieving our retirement goals may now require readjustments. The current situation has led to one in ten people reducing or stopping saving into a pension because of the pandemic.

MOST FINANCIALLY AFFECTED

Those who already struggle to put away for retirement are most financially affected by COVID-19, including self-employed, part-time and younger workers. More than three million people have reduced or stopped completely their pension payments as a result of the COVID-19 crisis, new research has revealed^[1].

10% of UK adults who have a pension and are not yet retired will need to work for longer or significantly increase how much they save later on in order to make up the shortfall, the findings of the research highlight. Those who don't could potentially face pensioner poverty in later life.

SHORT AND LONG-TERM PERSONAL FINANCES

Conducted in the midst of the lockdown, the research looks at how the crisis is impacting the short and long-term personal finances of the nation. It revealed that almost a quarter of workers (24%) are worried about paying for essentials like food and energy.

Another 20% are concerned about paying the rent or affording their mortgage. In total, almost one in five (19%) say they have seen their income fall because of coronavirus. These short-term financial concerns are impacting long-term

saving, with 10% reducing pension contributions or stopping saving completely.

PAINFUL LACK OF FINANCIAL RESILIENCE

The COVID-19 crisis has revealed a painful lack of financial resilience in the UK, leaving millions of people exposed with little or no safety net to fall back on. As the full impact of this crisis becomes clearer, more people may feel forced to pay for today's essentials with tomorrow's savings. However, this will only prolong the economic pain of coronavirus and could result in more people facing poverty in retirement.

Those who have traditionally struggled to save adequately for retirement before now are also being disproportionately affected by COVID-19. Two in five self-employed workers (43%) have seen a drop in their income, almost three times the proportion of employees (16%).

NOT SAVING ANYTHING TOWARDS RETIREMENT

While the Government's Self-employment Income Support Scheme will help cover some of these lost earnings, those who have been self-employed for fewer than two years will receive even less support.

As a result, one in five (19%) self-employed workers have felt the need to pause or reduce pension contributions. This is on top of the 41% of self-employed people who in 2019 said they were not saving anything towards retirement.

REDUCED OR STOPPED PENSION CONTRIBUTIONS

Part-time workers also tend to be less well prepared for retirement, and now three in 10

(28%) have lost their job or been furloughed due to coronavirus, compared with 18% of full-time workers. Because of this, part-time workers are two-and-a-half times more likely to change their long-term savings habits than full-time workers (15% as opposed to 6%).

The nation's youngest workers are also sacrificing their long-term financial plans. Almost one in five (18%) 18-24-year-olds have reduced or stopped pension contributions. Of this age group, 7% have actively moved their pension to a lower risk investment fund, despite being many years away from retiring.

Women who are not yet retired are more worried about paying for essentials than men (27% as opposed to 22%), and are more concerned about paying the rent or mortgage (22% as opposed to 18%). ■

WANT TO TALK TO US ABOUT ANY ASPECTS OF YOUR FINANCIAL WELL-BEING?

With COVID-19 making headlines around the world, it's normal to feel uncertain about many aspects of life right now, including our finances. If you would like to talk to us about any aspects of your financial well-being, please contact us.



Source data:

[1] Research was carried out for Scottish Widows online by YouGov Plc across a total of 2,251 adults aged 18+. Data is weighted to be representative of the GB population. Fieldwork was carried out 11-12 May 2020. More than 3.1 million (3,135,601), calculated as 5.9% of the adult population (52,673,433), have reduced or stopped paying into a pension (equal to 10% of workers who have a pension).



MIND THE KNOWLEDGE GAP

SOME PEOPLE STILL STRUGGLE TO MAKE INFORMED RETIREMENT DECISIONS

The decisions made at retirement are big ones and have long-term consequences. Many spend years accumulating a large amount of money in pensions and other savings, but really don't know what that might mean, how much income they can reasonably expect to receive and how best to take that income.

It is worrying, but perhaps unsurprising, that a significant number of people do not know how much they have saved for their retirement and what it will provide them with. Some people find it difficult to keep track of their savings if they are all in one place, so you can imagine how complicated it becomes if people have more than one pot in different schemes.

This view is further supported by a new YouGov survey^[1] which highlights that fewer than half of those aged 50 to 65 know how much income their pension and savings will generate when they retire. It highlights that women are less likely than men to know about their post-retirement income.

'KNOWLEDGEABLE' ABOUT RETIREMENT OPTIONS

Yet the majority of working 50-65-year-olds say they are 'knowledgeable' about retirement their options. Four in 10 (43%) working 50-65-year-olds who expect to retire know how much annual income they'll receive from their pension and savings.

The findings come despite the Financial Conduct Authority (FCA) introducing measures

to help people make the most of their pension savings earlier this year by refreshing the retirement 'wake up packs'. The move followed the regulator's conclusion that those approaching retirement, acting without guidance or advice, were struggling to make informed decisions.

RESULTS SHOW SIGNIFICANT GEOGRAPHIC DISPARITY

Geographically, the results show significant geographic disparity, with only a third of Londoners (34%) knowing how much they'll receive post retirement compared to a more than half of those in the East of England (52%).

Additionally, there is a notable drop in awareness amongst those who are divorced or separated (37%) and never married (34%) compared to those who are married or in a registered civil partnership (46%).

ENTERING DRAWDOWN WITHOUT TAKING FINANCIAL ADVICE

Backing up the FCA's estimate that 100,000 people enter drawdown ever year without taking financial advice^[2], the study also found

that the majority (53%) consider themselves 'knowledgeable' about their retirement options.

More men consider themselves knowledgeable (57%) than women (48%). Across the UK, those in the East of England (60%) are the most confident in their knowledge of retirement options, Yorkshire and Humber is the least (49%). ■

LOOKING TO BOOST YOUR RETIREMENT SAVINGS?

Receiving advice provides peace of mind that the choices you make when accessing your savings are right for you. And, during times of economic uncertainty, the importance of seeking expert support when making major financial decisions only increases.

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Source data:

[1] Research conducted for Standard Life. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,003 working adults aged 50-65, of which 1,935 expect to retire. Fieldwork was undertaken between 18 and 21 October 2019. The survey was carried out online.

[2] FCA proposes rules on investment pathways and other measures to improve retirement outcomes for consumers - <https://www.fca.org.uk/news/press-releases/fca-proposes-rules-investment-pathways-and-other-measures-improve-retirement-outcomes-consumers>

FREEING UP EXTRA MONEY

HOME IS WHERE THE HEART AND TAX-FREE WEALTH IS!

Preferring to remain in their own homes for as long as possible is, for many people, increasingly becoming an important part of how they view older age. There may be several reasons for this: to keep the family home, stay close to friends or remain in comfortable and familiar surroundings.

The majority (80%) of over-55s questioned in a recent survey said they would opt for equity release instead of moving home^[1] and downsizing.

CHOOSING NOT TO DOWNSIZE

In addition, of more than 1,000 UK adults who have taken out equity release, nearly one in ten (9%) said the reason they chose not to downsize was because of the cost associated with moving, including stamp duty.

The average cost to buy and sell a property in the UK was £10,210^[2] – this includes an average bill of £1,800 for Stamp Duty.

PHYSICAL AND EMOTIONAL STRESS

Moving comes with both physical and emotional stress, and many older people are afraid of leaving behind beloved neighbours and a family home full of memories. Add the fear of the unknown to those concerns and a move to senior living can be overwhelming.

For an increasing number of people, property, often the home they live in, is also the answer to freeing up extra money, either to supplement income in later life or to gift to loved ones.

NEGATIVE EQUITY GUARANTEE

The research suggests that the emotional aspect of remaining in your home is what leads many to opt for equity release. A lack of supply, the pressure of moving and the costs of downsizing mean for many, it is not always a practical choice.

71% of people claimed the 'no negative equity guarantee' influenced their decision to take out equity release. All equity release plans which are approved by the Equity Release Council include what's known as the 'no negative equity guarantee', which ensures those releasing equity will never owe more than their home's value.

SUPPORTING LIFESTYLE IN LATER LIFE

While downsizing can work in both a practical and financial sense for some, the 'no negative equity guarantee' means remaining in your home is a viable choice for many looking to use the value of their property to support their lifestyle in later life.

Equity release can be a financial lifeline for older people who find themselves in need of cash, often living on small incomes despite living in properties worth hundreds of thousands of pounds. More and more people are using equity release to help enjoy a comfortable retirement,

pay down debts, boost their income or plan capital expenditure. ■

CONSIDERING ACCESSING SOME OF THE CURRENT VALUE OF YOUR HOME TAX-FREE?

Anyone age 55 and over looking to use their homes for extra income should obtain professional financial advice and guidance on what could be right for them.

Source data:

[1] Standard Life and Age Partnership clients were emailed with an invitation that contained a link to an online survey. 1,084 customers took part the survey.

[2] <https://mybigmove.co.uk/cost-of-moving-house2> – 2018

EQUITY RELEASE PRODUCTS INVOLVE BORROWING AGAINST OR SELLING PART OF YOUR HOME. THERE MAY BE MORE SUITABLE METHODS OF RAISING THE FUNDS YOU NEED.

A LIFETIME MORTGAGE CAN QUICKLY ERODE THE REMAINING EQUITY, AND AS A RESULT THERE MAY BE NO VALUE LEFT TO PASS ON.

EQUITY RELEASE MAY REQUIRE A LIFETIME MORTGAGE OR HOME REVERSION PLAN. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.



FAMILY FINANCES

TRADITIONAL SPENDING AND SAVING HABITS HAVE BEEN TURNED UPSIDE DOWN

Household finances, including spending and saving patterns, have deteriorated drastically since the coronavirus (COVID-19) lockdown, despite unprecedented Government support. Traditional

habits have been turned upside down, and household budgets that guided our incomings and outgoings before the pandemic are no longer valid.

/// MANY FACTORS WILL DETERMINE HOW DIFFERENT PARTS OF THE UK ARE FARING FINANCIALLY, INCLUDING HOW MUCH OF THE LOCAL ECONOMY IS BASED ON TOURISM, RETAIL AND LEISURE AND HOW MUCH IT RELIES ON PUBLIC TRANSPORT.

Analysis of consumer sentiment alongside official household spending data^[1] reveals the inability to save is the biggest current concern for UK adults (26%), as earnings have been disrupted for millions of workers. UK adults also cited economic and stock market volatility reducing the value of their pension or investments to be a key concern (23%), as well as an inability to pay household bills (19%).

TYPICAL UK HOUSEHOLDS

However, at the same time, spending on non-essential items has fallen as a result of government instructions to stay at home. This means that typical UK households could be spending 29% less per week in total during lockdown compared with 'normal' times.

But it is estimated that increased spending on items such as tea, coffee, chocolate and energy consumption and pastimes like TV subscriptions (Netflix, Sky) adds around 6% to the average household's weekly spending.

REDUCED OR ZERO SPENDING

This is likely to have been significantly offset by reduced or zero spending on leisure pursuits halted by the lockdown. These include holidays, house moves, eating out, clothing, hairdressers and trips to the cinema, theatre and museums, potentially reducing the typical household's average weekly spending by 35%. Overall, this creates a net saving of 29%^[2].

The data highlights that female savers look to have been disproportionately affected during the lockdown, as workers in sectors such as hospitality and retail are more likely to be younger females^[3].

UNCERTAIN FINANCIAL FUTURE

Younger people across the board also face a significant challenge. Those under 34 typically struggle to save under normal circumstances, but the current conditions have exacerbated

this, as this age group continues to come up against large costs although they face a more uncertain financial future.

For example, they typically spend a greater proportion of their budget on housing, and bills, which remains unchanged. This is likely to have been a major influence on demand for mortgage payment holidays.

SAVING AND SPENDING PATTERNS

There have also been regional differences across the country as household saving and spending patterns change. People living in London are the most likely to feel the inability to save is their biggest current concern (30% as opposed to a UK average of 26%). Almost half of all Londoners lack confidence in their own financial situation at the moment (48% as opposed to a UK average of 38%).

When asked whether they have more or less money to spare at the end of the month than before lockdown, adults living in Plymouth were most likely to be 'lockdown savers' while those in Brighton were most likely to report 'lockdown losses'.

NAVIGATING UNFORESEEN CIRCUMSTANCES

Many factors will determine how different parts of the UK are faring financially, including how much of the local economy is based on tourism, retail and leisure and how much it relies on public transport. Many households continue to navigate through unforeseen circumstances. Now is the time to keep saving and spending habits under careful and regular review. It is good practice to weigh up what we are spending each month, and how much more or less we are saving.

If you feel as if you have more cash to spare at the end of the month during this time, it's important to consider a good home for it. Maintaining or even increasing pension contributions could be an attractive

LOCKDOWN SAVERS AND LOSSES

Lockdown savers
(% who have saved more
than usual during lockdown)

Plymouth (43%)
 Sheffield (36%)
 Nottingham (34%)
 Leeds (33%)
 Newcastle (33%)

Lockdown losses
(% who have saved less than
usual during lockdown)

Brighton (49%)
 London (39%)
 Southampton (39%)
 Manchester (37%)
 Norwich (35%)

Source data:

[1] Research of 2,020 UK adults conducted on behalf of Aviva by Censuswide, 7-11 May 2020. All figures featured in this release refers to this dataset, unless otherwise stated
 [2] The 35% saving, coupled with the 6% of additional expenditure, creates a potential 29% overall saving in households' typical expenditure each week
 [3] www.ifs.org.uk/publications/14791

longer-term option for savers who can afford to do so, so that money you would otherwise have paid in tax on your earnings goes straight into your pension pot via tax relief. Providing you can access other funds at short notice if you need them, then small extra savings today could make a big difference tomorrow. ■

GREEN SHOOTS OF
FINANCIAL CONFIDENCE

A wide range of measures has been announced by the Government to help support people and businesses financially through the coronavirus pandemic. As a result, we're starting to see green shoots of financial confidence from UK households. If you would like to review any area of your financial plans, contact us to discuss this further.



/// THIS IS LIKELY TO HAVE
 BEEN SIGNIFICANTLY
 OFFSET BY REDUCED
 OR ZERO SPENDING ON
 LEISURE PURSUITS HALTED
 BY THE LOCKDOWN.





PLANNING A MOVE ABROAD?

UNDERTAKING WHAT IS REQUIRED TAKES A GREAT DEAL OF THOUGHTFUL CONSIDERATION

You've always dreamed about living abroad, but how do you make that a reality? The first practical step is to think about where you are in your life and weigh up which options are available to you. Factors like your age, financial situation and skill set will come into play as you consider where to explore long term. More open borders and the need to find work in the wake of the financial crash mean more people live outside the country they were born in than ever before.

An estimated 6 million British people live permanently abroad, almost one in 10 of the UK population^[1]. If you're thinking about moving abroad, it's important to know how your pension and any benefits you receive will be affected and how you will access healthcare and other services.

ALREADY CURRENTLY LIVING ABROAD

Six out of 10 Britons who are already currently living abroad have vowed never to permanently move back to the UK^[2]. The survey findings show that 62% said that they would never relocate back to Britain, 11% said they would consider it, while 27% said 'maybe.'

Despite the majority of respondents saying they would not consider returning to Britain, 70% still regularly send money back to the UK and 81% were able to save more in their overseas location.

FINANCIAL LINKS WITH BRITAIN

The survey also shows that 44% relocated from the UK primarily for work or career reasons and 70% haven't severed all financial links with Britain.

It will surprise many observers that despite the global coronavirus (COVID-19) pandemic and rising economic, political and social tensions in many countries around the world, for many the 'pull' factors of overseas living far outweigh those of the UK.

REWARDING AND FULFILLING EXPERIENCE

Indeed, the UK's 'push' factors, such as fears over a no-deal Brexit, political issues, the cost of living, high taxes, low interest rates, a weak pound, the scrapping of some age-related benefits, quality of lifestyle, crime concerns and the weather, have encouraged people to relocate.

Millions of Britons living abroad, according to the survey, say it is a positive, rewarding and fulfilling experience for many reasons. These include more lucrative career opportunities, lower cost of living, higher quality of life, high-quality childcare and education, lower crime levels and good weather.

FINANCIAL PLANNING CONSIDERATIONS IF YOU ARE PLANNING TO MOVE ABROAD

- Cross-border tax planning
- Investment structures and trusts
- Currency of investments
- Pension arrangements, including your options for transferring
- Planning your legacy for your heirs

MOVING YOUR PENSION POT ABROAD

If you live abroad, or plan on retiring abroad and have a defined contribution pension in the UK, you can either leave your pot in the UK and take your money from abroad or move your pension pot abroad, or mix these options.

If you leave your pension pot in the UK and take your pension from abroad you have the same UK pension options. Alternatively it may be possible to move your pension abroad. You need to make sure you transfer the money into a qualifying recognised overseas pensions scheme or there'll be a tax charge. These schemes meet the same standards as those in the UK.

TAX IN THE COUNTRY WHERE YOU'RE RESIDENT

Transferring your pension could change the amount you get when you retire and you could

have less choice about what you can do with your pension pot than if you left it in the UK. You may also have to pay more charges.

You might have to pay UK tax on your pension when taking your pension abroad and potentially have to pay tax in the country where you're resident. If that country has a double taxation agreement with the UK, you might not have to be taxed twice in the UK and abroad. You can also receive your State Pension abroad if you qualify.

UTILISE THE TAX-EFFICIENT OPPORTUNITIES AVAILABLE

If you are planning to retire abroad you must inform HM Revenue & Customs so that you pay the right tax on your pension. Moving abroad before you start taking your pension may mean that overseas tax laws prevent you from taking anything tax-free.

It's important not to wait until you are a resident in the new country before seeking tax planning advice. Leaving it too late can eliminate some of the most tax-efficient opportunities available. ■

DREAMING OF MOVING ABROAD?

If you're thinking about moving to a different country, or returning to the UK after living abroad, it is a good idea to seek professional financial advice now. To discuss your situation please contact us.



Source data:

[1] http://news.bbc.co.uk/1/shared/spl/hi/in_depth/brits_abroad/html/default.stm

[2] The deVere Group - 754 respondents residing in Australia, New Zealand, the UAE, Oman, the Philippines, Thailand, Indonesia, China, Hong Kong, Italy, Switzerland, Spain, France, Portugal, Hungary, Germany, Mexico, Russia and Zimbabwe - 26 May 2020

PRESENTEEISM DURING LOCKDOWN

LEVELS REACH RECORD HIGHS IN ORGANISATIONS AS STRESS AT WORK RISES

Unlike absenteeism, presenteeism isn't always apparent. You know when someone doesn't show up for work, but you often can't tell when or how much illness or a medical condition hinders someone's performance.

Lockdown has taken its toll on many UK employees, as new research reveals that nearly half (46%) of those who are working from home feel more pressure to be present, and 16% are working through sickness because of redundancy fears^[1].

NO SIGNS OF ABATING

With coronavirus (COVID-19) expected to push unemployment levels significantly higher this year, UK employees and employers were polled to understand how presenteeism in the workplace has changed during lockdown.

The findings reveal that the trend of presenteeism is showing no signs of abating, as more than one in three (35%) have continued to work while unwell during lockdown. This is affecting younger – likely junior – staff more, with 41% of 26-34-year-olds working while they're sick and 33% of 18-25-year-olds doing so, compared to just 20% for the over-55s.

EMPLOYEES

A quarter (24%) of workers admitted they feel the need to prove that they were working every day, 22%

are checking in with their colleagues or managers more often, and one in five (21%) are checking their emails more regularly outside of working hours. Nearly a fifth (18%) have been working longer hours, 15% are taking fewer breaks during the day, and over one in 10 (12%) are taking no breaks at all. Further to this, a quarter of employees are starting work earlier, 24% are juggling their hours around childcare, and more than one in five (22%) are finding working from home more stressful than being in the physical office.

EMPLOYERS

Presenteeism extends to SME decision makers too, with 41% feeling more pressure to be present and available for employees during lockdown. And, although 28% think their company had an issue with presenteeism before the coronavirus pandemic, 21% feel as though it is worse since everyone has been working from home. Encouragingly, 41% of employers have introduced measures to support workers struggling with presenteeism and 25% are actively encouraging them not to work if they're feeling under the weather.

The 'always on' work culture we've adopted over the last decade has come to a head. Lockdown has made it worse and employees feel like they can't switch off. As the physical and mental wellbeing of UK employees is stretched to the limit, productivity could be significantly hit. But with so many people frightened they might lose their jobs as a result of the coronavirus pandemic, it's no surprise they're working through sickness and worried about the implications of taking time off. ■

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PROTECTING YOUR FINANCES

Increased presenteeism is associated with increases in reported common mental health conditions as well as stress-related absence. If you have concerns about protecting your health and wellbeing as well as family finances, please contact us. We're here to help.

Source data:
[1] Canada Life polled working UK employees and employers to understand how presenteeism in the workplace has changed during lockdown, 3 June 2020

REASONS PEOPLE CONTINUE TO WORK WHILE ILL	
Didn't think it was serious enough to warrant a day off	40%
My workload was too great	26%
Didn't want to hand over important work to colleagues	25%
Worried about the financial implications	22%
Other colleagues/senior members of staff make me feel guilty about taking time off	20%
I feel too threatened by the risk of redundancy	16%
I don't feel secure enough in my job	15%
I didn't think I'd be able to get a doctor's note	13%





HURTING FROM HOME

IS THE 'NEW NORMAL' HAVING AN ADVERSE EFFECT ON YOUR HEALTH?

More than half of office workers believe their employer should do more to help them work from home during the coronavirus (COVID-19) crisis. This has led to millions of Britons suffering from pain as a result of their makeshift home offices.

Of people being advised to work from home to help contain the COVID-19 pandemic, new research^[1] has shown that nearly two-thirds (63%), equating to 11 million Britons, have injured their back, neck, hips, knees or wrists amongst other injuries as a result. This is something that is likely to continue, even as the lockdown measures are now starting to be relaxed.

DEDICATED HOME WORKSPACE

Only one in three (32%) has a dedicated workspace in their home, and as a result, home workers are using their sofas, kitchen chairs, beds or even beanbags as makeshift workstations. And it means that a quarter of home workers are hunched over their computers for eight hours a day while others admit to slouching or slumping in their seats, balancing their computer on laps or the arm of a chair, or sitting with their back or legs twisted to try to get comfortable.

Younger people are disproportionately affected – workers aged 18-34 are least likely to have a simple desk and a chair with a backrest,

and are twice as likely to work from their bed as their older counterparts. This age group has reported the highest levels of neck, hip, knee and wrist pain.

RELIEVING THE SYMPTOMS

But just one in ten (11%) has sought medical help, with the majority using over-the-counter painkillers, massages or ice baths. Worryingly, 28% have done nothing to relieve their symptoms – but without proper treatment they risk longer term damage.

When social distancing measures were introduced many workers were thrust into working from home to keep them safe, with little time to prepare their workspaces. So it's concerning, but perhaps not surprising, to see that so many are now struggling with their musculoskeletal health.

SOCIAL DISTANCING MEASURES

Two in five (42%) home workers intend to continue working from home even when

social distancing measures are lifted. So as we move towards the 'new normal' where higher levels of working from home are likely to feature, it's really important to address any pain or discomfort now, to make this sustainable in the long term.

Simple changes such as ditching the beds and beanbags and sitting up with your feet planted on the floor, adopting handsfree sets for long phonecalls and making time to stretch (even if that's doing yoga at your desk) can go a long way to preventing strain. Seeking help for long-term and persistent pain remains essential. Early diagnosis and access to treatment can have a positive effect on the long-term prognosis of musculoskeletal conditions. ■

Source data:

[1] Research conducted among 2,003 UK adults for Bupa by Opinium Research between 24 and 27 April 2020. Opinium estimates the UK adult population is 52,079,000. According to research undertaken by Opinium, 34% of adults are currently working or home schooling from home (or 17,706,860 individuals). Of home workers, 63% reported aches, pains or injury, equating to 11,155,322

TIME IN THE MARKET, NOT TIMING THE MARKET

DON'T GET DISTRACTED FROM STAYING FOCUSED ON YOUR INVESTMENT GOALS

Investment market swings can be unnerving, but they shouldn't distract you from staying focused on your financial goals. Periods of market volatility, like those we've seen over recent months, will undoubtedly be unsettling times for most investors. The risks of incurring losses can make holding investments difficult to bear, with the temptation being to sell out and cut your losses. But volatility is part and parcel of investing.

DAY-TO-DAY UPS AND DOWNS OF THE MARKETS

Rather than focus on the day-to-day ups and downs of the markets, it's far more important to focus on the things you can control. With global markets in the grip of the COVID-19 pandemic, investors have been faced with an impossible dilemma: whether to stay invested or to withdraw to a safe haven. It's important to remember what really matters: it is 'time in the market, not timing the market' that dictates long-term returns.

So rather than asking 'Should I remain invested and continue to invest regularly?', it's worth inverting the question and asking 'What's the alternative?' The alternative is to sell when you believe the market is at its high, and then buy back in when you think the market is at a low. So you have to get not just one, but two major decisions right.

PROFOUND PESSIMISM TO BLITHE OPTIMISM

Not only that, but you have to do it at a time when emotions are running high, and the media and analysts are expressing views ranging from profound pessimism to blithe optimism, all of them equally convincing.

The reality is that no one knows if we've already seen the bottom of the market, or if there is further volatility to come. On the one hand, it's perfectly possible that we've seen the bottom. Markets look to the future rather than to the present.

WEAKER AND MORE DRAWN-OUT RECOVERY

But on the other hand, there are many unknown factors: perhaps it will take longer to escape lockdown than investors currently hope, or perhaps there will be further waves of the virus

that will result in any recovery being weaker and more drawn out than expected.

If you are still tempted by the idea of trying to time the market, bear in mind that even professional fund managers who are studying the market on a daily basis can struggle to beat the market on a consistent basis.

EVEN STRONGER GROWTH IN THE FUTURE

Sudden market moves can be testing times for all investors because we get a stark reminder of what investment risk really feels like. Short-term volatility, while unpleasant, should not detract your focus from your long-term investment objectives.

Market corrections can be healthy and result in even stronger growth in the future, although this is not guaranteed and you could get back less than you invest. This is why holding a well-diversified portfolio of collective investments for the long term, such as Individual Savings Accounts (ISAs), unit trusts and investment trusts, as well as having a strategy you are happy with, is critical.

PUTTING MONEY TO WORK AS SOON AS POSSIBLE

COVID-19 is unlike any crisis we've faced in living memory. As well as the terrible cost in lives, the measures taken to combat the spread of the virus mean that the global economy is facing an even more extreme downturn than that seen in 2008.

One of the fundamental principles of investing is to put your money to work as soon as possible. An investment needs time to grow, so the longer your money is in the market, the more chance you have of reaching your goals.

HAVING A WELL-DEFINED VISION OF YOUR GOALS

This is sometimes known as 'pound-cost averaging,' and it's a way to sidestep your own behavioural biases and ride out market volatility without having to pore over the financial pages every day. By ignoring short-term noise, you give yourself a better chance of meeting long-term financial goals.

The COVID-19 outbreak has sent markets into a chaos not seen since the last financial crisis. For many investors, like people saving for retirement, big market corrections will be worrying. For millennials, especially, this may be the first time they've experienced the bottom fall out of the market.

When times are stressful and uncertain, it's natural for investors to worry, often excessively, about what will happen in the short term, rather than focusing on longer-term opportunities. ■

KEEPING A CLEAR HEAD AND REACTING IN THE RIGHT WAY

Striking the right balance between risk and return is something every investor must consider and revisit periodically. Market falls are inevitable from time to time. When they happen it's important to keep a clear head and react in the right way. To find out more, please contact us.

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 AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.



LOOKING TO THE FUTURE

SUCCESSFUL LIFE PLANNING ALSO REQUIRES A SIGNIFICANT DEGREE OF FINANCIAL PLANNING

We spend our lives planning for our next holiday, for a family, buying a property, funding a child's education and for the day we retire. So then why is it that some people seem to have the ability to live the life of dreams and pass on their wealth to the next generation when others are faced with huge tax bills, the prospect of selling their home or worried about healthcare costs?

Being able to realise our future plans and dreams requires objectives, information and organisation. Successful life planning also requires a significant degree of financial planning, a comprehensive picture of your current finances, your financial goals, and any strategies you've set to achieve those goals.

The planning process should be comprehensive and typically involves a close look at your personal goals, debt, income and cash flow, investments, retirement plans, tax strategies, estate plans, investment strategies, and insurance.

/// IF YOU HAD MORE TIME OR MONEY, WHAT WOULD YOU DO?

The outcome should enable any individual and their family to achieve a defined set of financial and lifestyle goals. It is a detailed process of assessing what one really wants out of life and then translating that into financial terms.

DEFINING YOUR FINANCIAL OBJECTIVES AND GOALS

Defining your goals and objectives is the foundation upon which your financial plan is based and provides a roadmap for your financial future. Begin with the end in mind. What is your life about? What do you want to do? Who do you want to do it with? Where do you want to be in 5, 10, 20 years, and how much will that cost?

Look at your financial future as a whole when outlining these goals. All of your finances are connected, so don't just focus on one aspect. Remember that they should be quantifiable and achievable with a clear and defined time frame. You need to separate your needs from your wants, and these should be reviewed periodically to capture changing circumstances and to ensure they remain relevant.

To get where you need to go, you need to know where you are starting from. What have you accumulated? What do you earn? What strategies are already in place?

Once you know where you want to go, how are you going to get there? At this point, you need to plan and devise strategies to save, invest, protect and pass on your wealth. A good plan is always in writing and has defined periods for its achievement that represent milestones and markers of success.

Now it's time to take action. You've worked out where and how – now it is a case of putting that into your financial plan. It's important to remember that as life progresses, career promotions come along, families begin and circumstances change – and your plan needs to change with them. Your plans need to be monitored, reviewed and adjusted accordingly.

Some people put off thinking about financial planning until later in life. But as a consequence, more often than not, they fail to put proper plans in place until in their mid-50s. Therefore, it is critical that you start planning your finances from as young an age as possible. As soon as you have your first job, you should start comprehensive financial planning. ■

THOUGHTFUL REFLECTION ABOUT WHAT YOU WANT

When you're figuring out how to make a life plan, it helps to know what you want to change, and in which areas of your life. Big shifts and goals require thoughtful reflection about what you want and what is standing in your way. To discuss your plans, or for any other questions or concerns you may have, please contact us.

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/// WHAT DO YOU WANT TO ACCOMPLISH OR ATTAIN SO YOU WILL FEEL THAT YOU'VE HAD A LIFE WELL LIVED?